Yorba Linda Water District

EMPLOYMENT AGREEMENT FOR POSITION OF GENERAL MANAGER

This Employment Agreement ("Agreement") is entered into on August 24, 2022 ("Agreement Date"), by and between the Yorba Linda Water District ("District"), a county water district created and operated pursuant to Water Code Section 30000 *et seq.,* acting by and through its Board of Directors ("Board"), and Richard Mark Toy ("Employee"), an individual, (collectively "Parties").

RECITALS

A. the District is responsible for the construction, operation, and maintenance of a potable water delivery system and a wastewater collection system which provides service to customers located within its service area.

B. the District desires to retain the services of Employee as General Manager of the District by way of this Agreement and subject to the terms and conditions set forth herein.

C. Employee represents that he has read and understands the functions, responsibilities, and duties of the General Manager set forth in the County Water District Act (California Water Code §§ 30,000 *et seq.)*, particularly Sections 30580 and 30581.

D. Employee desires to accept employment as General Manager of the District by way of this Agreement and subject to the terms and conditions herein, and Employee represents and warrants that he is qualified to perform such duties.

E. the District and Employee desire to formalize the employment of Employee as General Manager of the District by way of this Agreement and subject to the terms and conditions herein.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing Recitals and the mutual covenants, conditions, terms, and representations contained herein, and for other good and valuable consideration, the adequacy of which are hereby acknowledged, the Parties agree as follows:

1. **Term of Employment.** The term of this Agreement is for three (3) years, commencing August 29, 2022, and ending August 28, 2025 ("Term"). The Term may be (a) extended during the Term of this Agreement by written mutual consent of the Parties or (b) terminated before the expiration of the Term in accordance with this Agreement. If neither (a) nor (b), then the Agreement shall automatically renew for an additional one (1) year term on the same terms and condition as this Agreement as may be amended.

2. **Duties and Obligations of Employee.** Employee shall not be simultaneously employed with any other employer or self-employed during the Term of this Agreement. This prohibition

does not apply to charitable and volunteer services or any other lawful conduct that does not conflict with District interests. To the satisfaction of the Board, Employee shall devote their full time to the performance of the General Manager duties, and Employee agrees to and shall faithfully discharge the duties of General Manager, which include, but are not limited to:

2.1. Overseeing the administration, operation, and construction activities of the District;

2.2. Those duties set forth in the California Water Code Sections 30580 and 30581;

2.3. Fulfilling the duties set forth in, and adhering to, the District's Policies, Resolutions, Ordinances, and Rules and Regulations;

2.4. The specific duties set forth in the District's General Manager job description, as amended from time to time; and

2.5. Other duties, responsibilities, and services directed by the Board.

3. **Employee Compensation.** Without medical benefits described below in Subsections 4.1.1-4.1.3, Employee shall receive an annual base salary of two hundred sixty-five thousand dollars ($265,000), payable in twenty-six equal biweekly installments, for performance of his duties as General Manager. The annual base salary may be adjusted during the Term at the sole discretion of the Board. Any such adjustment in salary shall not be construed as altering or amending any provision of this Agreement, except the Employee's compensation amount, unless specifically agreed to in writing between the District and Employee. Any adjustment is not effective until the Parties draft and sign an amendment to this Agreement that states the new annual base salary and the effective date of that new salary and such amendment is adopted by the Board in open session at a duly noticed public meeting.

3.1. Compensation Adjustment. In conjunction with each performance evaluation described below, at the Board's sole discretion, the Board may consider any appropriate merit pay, cost of living, or other compensation adjustment either in lump sum or as a salary increase or in benefits as the Board may decide. The salary of Employee is not subject to District cost of living adjustments (COLA) provided to other District employees, if any, but rather the Board may consider cost of living increases as part of its Employee merit pay consideration.

4. **Employee Benefits.** The District will provide Employee the following benefits for performance of Employee's duties and services as General Manager. All benefits will cease upon termination or expiration of this Agreement.

4.1. Health Benefits. Employee is eligible to receive, at the District's expense, health benefits as set forth in Subsections 4.1.1-4.1.3. However, as of the Agreement Date, Employee waived insurance coverage provided in this Subsections 4.1 (medical, dental, and vision), only, on behalf of Employee and Employee's dependents in exchange for a $15,000 increase in Employee's base salary from $250,000 to $265,000. During the Term of this Agreement, and upon Board approval, Employee is eligible to receive insurance coverage provided in this Subsections 4.1 (medical, dental, and vision). For avoidance of doubt, Employee accepts, and shall receive, all other benefits provided below in Sections 4.2 – 4.13.3.

4.1.1 *Medical Insurance*. The District agrees to pay Employee 100% of the premium for hospital and medical and two-thirds (2/3) the additional premium toward Employee's dependent coverage insurance starting the first day of the month following his date of hire in accordance with the provisions of any contract between the District and any company or companies of the District's choosing. Employee shall pay the cost of the difference in premium, to be deducted from his salary to cover his one-third (1/3) share of the dependent coverage.

4.1.2 *Dental Insurance*. The District agrees to pay Employee 100% of the premium for dental insurance and two-thirds (2/3) the additional premium toward Employee's dependent coverage insurance starting the first day of the month following his date of hire in accordance with the provisions of any contract between the District and any company or companies of the District's choosing. Employee shall pay the cost of the difference in premium, to be deducted from his salary to cover his one-third (1/3) share of the dependent coverage.

4.1.3 *Vision Insurance*. The District agrees to pay Employee 100% of the premium for vision insurance and two-thirds (2/3) the additional premium toward Employee's dependent coverage insurance starting the first day of the month following his date of hire in accordance with the provisions of any contract between the District and any company or companies of the District's choosing. Employee shall pay the cost of the difference in premium, to be deducted from his salary to cover his one-third (1/3) share of the dependent coverage.

4.2. Retirement Benefits. The District is a member of the California Public Employees Retirement System ("CalPERS"). The District shall follow all retirement requirements as mandated by the California Public Employee's Pension Reform Act of 2013. If Employee maintains CalPERS reciprocity, then Employee shall be subject to the retirement plan available to District employees on or before December 31, 2012. If Employee is a new employee or new member as defined by Government Code Section 7522.04, subdivisions (e) and (f), the District shall provide Employee the Local Miscellaneous 2% at 62 retirement plan with a full benefit of 2.5% at 67 and a minimum retirement age of 52.

4.3. Life Insurance and AD&D. The District will provide Employee, at no cost to Employee, group term Life and Accidental Death and Dismemberment ("AD&D") insurance in the amount of two hundred thousand dollars ($200,000.00) effective the first day of the month following his date of hire in accordance with the provisions of any contract between the District and any company or companies of the District's choosing.

4.3.1. *Supplemental Life Insurance and AD&D.* The District will provide Employee, at no cost to Employee, a supplemental term Life and AD&D insurance in the amount of up to three hundred thousand dollars ($300,000.00) in accordance with the provisions of any contract between the District and any company or companies of the District's choosing. Employee may purchase, at Employee's expense, a separate supplemental term Life and AD&D insurance not to exceed five hundred thousand dollars ($500,000.00) by authorizing the additional premium to be deducted from Employee's salary.

4.4. Long Term Disability. The District will provide Employee a long-term disability plan which has a ninety (90) day elimination period and provides at least two-thirds (2/3) of Employees salary, up to $7,000, for a designated period of time in accordance with coverage procured by the District from a carrier to be determined at the District's sole discretion.

4.5. Deferred Compensation. The District will match dollar for dollar, not to exceed 2% salary earned per payroll period, of Employee's salary or Employee's actual amount of deferred compensation per payroll period, whichever amount is less.

4.6. Paid Time Off. Employee will receive paid time off as described below in Subsections 4.6.1-4.6.5. For the initial three-year Term of this Agreement, the Employee's paid time off will not be increased.

4.6.1. *Vacation Leave*. Employee shall accrue a total of 4.615 hours of vacation time per pay period. Employee shall accrue vacation commencing with the start of employment but shall be ineligible to use accrued vacation time prior to the successful completion of six (6) months of service. The maximum accrued vacation balance Employee can accrue shall be limited to one and a half (1.5) the annual maximum accrual of vacation time. If Employee has accrued one and a half (1.5) the annual maximum accrual of vacation time, then Employee will cease accruing any further vacation leave until the vacation balance is reduced to less than the maximum limit. An employee who has been employed by the District for more than one year may elect to sell up to forty (40) hours of accrued unused vacation time. Employee must submit their irrevocable election by December 31st of each year to be paid on the second payday in November of the following year to receive cash for up to forty (40) hours of vacation time that would otherwise accrue in the immediate following year.

4.6.2. *Executive Leave*. Employee shall accrue a total of forty (40) hours executive leave with pay during each year of this Agreement which is encouraged to be used within the fiscal year in which it is accrued. Any unused executive leave will be cashed out at the end of the fiscal year. There will be no carry-over of executive leave time to the next fiscal year.

4.6.3. *Holidays*. Employee is entitled to holiday compensation for each holiday as set forth in the District's annual Holiday Schedule, which is 11 holidays plus one floating holiday as of the Agreement Date, in an amount equal to the number of hours Employee normally would have worked other than for the holiday. Employee is only eligible for holiday compensation if Employee is at work or on paid leave of absence on the regularly scheduled workday immediately preceding the day observed as the holiday and the regularly scheduled workday immediately following the day observed as the holiday. If Employee is scheduled work week is Monday through Thursday, a District-observed holiday falling on a Friday, Saturday, or Sunday shall convert into a floating holiday to be used within the fiscal year in which it is accrued or the following fiscal year. Any unused floating holiday will be cashed out at the Employee's then hourly rate of pay at the end of the fiscal year following the fiscal year during which the time was accrued.

4.6.4. *Sick Leave*. Employee shall accrue a total of 3.7 hours of sick leave per pay period. Sick leave is provided for Employee to use when Employee is unable to work due to the diagnosis, care, or treatment of an existing health condition of, or preventative care for, Employee or a member of Employee's immediate family and as otherwise required by law. Employee acknowledges and understands that accrued but unused sick leave will not be paid out upon the termination or expiration of this Agreement.

4.6.5. *Bereavement Leave*. Upon the death of an immediate family member, Employee shall be entitled to use up to three (3) days of District-paid bereavement leave to attend funeral services and/or conduct business associated with the deceased. The Board may allow Employee to use up to an additional four (4) days of sick leave for this purpose. The Board may also allow Employee to use up to four (4) days of sick leave, if available, for bereavement of a non-immediate family member.

4.7. Automobile Reimbursement. Employee is expected to use his own vehicle in the performance of Employee's duties and services as General Manager, including being available twenty-four (24) hours per day when practical to respond to emergency situations for the District. Employee shall be paid six hundred dollars ($600.00) per month, payable in bi-weekly installments, as reimbursement for all automobile expenses and in lieu of mileage. The monthly reimbursement may be adjusted at the sole discretion of the Board.

4.8. Electronic Devices. Employee shall be provided, at the District's expense and discretion, a District mobile phone and laptop computer or tablet to be used for District business. The use of a District phone, laptop computer, tablet, or other electronic device shall be consistent with the District's computer use and privacy policies.

4.9. Professional Growth. The District agrees to pay the following expenses on behalf of the Employee, subject to the Board's discretion and approval:

4.9.1. *Professional and Civil Affiliations and Professional Development.* The District agrees to pay for professional dues and subscriptions on behalf of Employee that are reasonably necessary as determined by the Board for Employee's continuation and full participation in national, regional, state, or local associations and organizations necessary and desirable for Employee's continued professional participation, growth, advancement, or for the good of the District. All fees or expenses contemplated under this section must be approved by the Board before they are incurred.

4.9.2. *Professional Development*. The District agrees to pay the travel and subsistence expenses of Employee for official travel, meetings, and events reasonably necessary to continue the professional development of the Employee as General Manager of the District and reasonably necessary to fulfill official and other functions for the District, as determined to be reasonable and necessary by the Board. These meetings and events may include, but are not limited to, the annual and semi-annual conferences of the Association of California Water Agencies, the American Water Works Association, the American Society of Civil Engineers, and other national, regional, state, and

local conferences of governmental groups and committees in which Employee may participate from time to time. All fees or expenses contemplated under this section must be approved by the Board before they are incurred.

4.9.3. *Continued Education*. The District agrees to reimburse Employee for all costs associated with continuation education credits, courses, and the pursuit of an advanced degree, which are directly related to Employee's essential job duties for the General Manager position, if and when such costs are approved in advance and deemed necessary by the Board. Employee agrees to be subject to the terms and conditions of District Policy Number 7010-006: Educational Reimbursement Policy, including completion of the Exhibits to the Policy. Pre-approval or denial for Employee to take any courses/programs, however, will come directly from the Board at a regularly scheduled Board meeting following Employee's timely submission of the Intention to Take Courses/Pre-approval application to the Board.

5. **Taxes.** Employee shall be responsible for any and all federal, state, local or other taxes resulting from any compensation or benefits provided to him by the District. District shall withhold from any compensation or benefits provided under this Agreement all federal, state, local or other taxes as may be required pursuant to law or governmental regulation or ruling.

6. **Expenses.** Subject to the Board's discretion and approval, Employee shall be entitled to reimbursement for transportation, business, and travel expenses incurred in the performance of his duties as General Manager, including but not limited to those detailed in Section 2 of this Agreement. Employee shall submit to the District an itemized account of all such expenditures, setting forth the date, the purpose for which each expenditure was incurred, and the amounts thereof, together with such receipts showing the payments. The District shall bear the full cost of any fidelity or other bonds required of Employee under any law or ordinance.

7. **Performance Evaluation.** In writing, the Board and Employee will develop annual goals, objectives, and key performance indicators for the benefit of the District and in attainment of the Board's policy objectives, and may establish a priority among those goals, objectives, and key performance indicators. Additionally, the Board may periodically establish goals and objectives regarding the Employee's performance of the duties of General Manager. The Board shall, in its sole discretion, review and evaluate the Employee's performance on an annual, quarterly, or other basis, or pursuant to the District's performance evaluation policies.

8. **Termination of Agreement.** The District employs Employee to serve as its General Manager at the pleasure of the Board and upon the terms and conditions set forth in this Agreement. Notwithstanding the Term of this Agreement, Employee shall be an "at-will" employee of the District and will not be afforded any termination or discipline- related access to due process, appeal, or grievance procedure, including but not limited to a so-called *Skelly* hearing. Employee's employment may be terminated with or without cause, at any time, with or without notice, by the Board or the Employee.

8.1 Severance Payment. In the event the Employee is terminated by the Board before the expiration of the Term, as may be amended, and during such time that Employee is willing and able to perform the duties of the General Manager position, the District agrees to make a lump sum severance payment to Employee in an amount equal to

three (3) months of the Employee's monthly salary at the time of termination.

8.2.1 *Release and Waiver of Claims.* District is obligated to pay a lump sum severance payment in an amount described in Subsection 8.1 if, and only if, Employee signs a full release that waives any claims Employee may have against the District, including but not limited to District employees, consultants, and Board of Directors. This severance payment shall be made within fifteen (15) days of the effective date of the termination or the Employee's execution of a full release, whichever occurs later. Pursuant to California Government Code Section 53260, in no event shall the lump sum severance payment provided herein exceed the monthly salary of Employee multiplied by eighteen (18). The lump sum severance payment is in addition to any accrued and unused vacation to which Employee is entitled. All sums paid herein are subject to applicable withholding taxes. Pursuant to California Government Code Section 53243.2, any lump severance payment paid to Employee under this section shall be fully reimbursed by Employee to the District if Employee is convicted of a crime involving an abuse of his office or position as set forth in California Government Code Section 53243.4.

8.2 Ninety Day Courtesy Notice. Employee and the District recognize that the District prefers Employee to provide District at least a ninety (90) day advance notice before Employee voluntarily resigns from the General Manager position. While such courtesy is desired, it is not required as the employment relationship created in this Agreement is "at-will." In the instance of voluntary resignation, Employee understands and agrees that Employee will not be eligible to receive any severance pay. In that instance, Employee will only receive Employee's accrued but unused holiday, executive leave, and vacation leave, if any.

8.3 Cessation of Benefits. Employee understands and acknowledges that all health and other benefits set forth in this Agreement shall cease on the day of either termination of this Agreement by either Party or expiration of this Agreement.

9. **Confidential Information.** Employee acknowledges and stipulates that in the performance of his duties, the District discloses and entrusts him with certain confidential or proprietary information. Employee agrees not to directly or indirectly disclose or use, at any time, any such information, whether it be in the form of records, lists, data, personnel information, drawings, reports, or otherwise, of a business, personal, or technical nature, which was acquired or viewed by Employee during Employee's relationship with the District unless such disclosure is authorized by the District in writing, required by law, or required in the performance of the duties of the General Manager. This provision shall survive the termination or expiration of this Agreement.

10. **Notice.** Any notices required hereunder shall be in writing and shall be given by personal delivery or overnight courier service to the Party to whom it is to be given at the address set forth below, or at such other address as each Party may provide in accordance with this section. All notices shall be deemed effective upon personal delivery or upon three (3) business days following deposit with any overnight courier service:

For Yorba Linda Water District:
President of the Board of Directors
Yorba Linda Water District
PO Box 309
Yorba Linda CA 92885-0309

Any notice required to be given to the Employee under this Agreement shall be addressed to him at his last known address as reflected in the District's personnel records. Any Party may change its address for the purpose of this section by giving written notice of such change to the other Party in the manner herein provided.

General Provisions

11. **Governing Law & Severability**. This Agreement shall be governed by the laws of the State of California. If any clause, sentence, section or other provision of this Agreement is, for whatever reason, deemed void, unlawful or otherwise unenforceable, then such shall be severed herefrom and the balance of this Agreement construed as if the severed language was not a part hereof.

12. **Modification, Amendment, Waiver**. No modification or amendment of any provision of this Agreement shall be effective unless approved in writing and signed by both Parties. The failure of a Party to enforce any of the provisions of this Agreement shall in no way be construed as a waiver of such provisions and shall not affect the right of either party thereafter to enforce such provisions.

13. **Assignment**. Neither the Agreement nor any of the rights or obligations created herein shall be assignable by Employee without the written approval of the District.

14. **Electronic signatures and Counterparts**. Any Party may execute this Agreement using an "electronic signature," as that term is defined in California Civil Code Section 1633.2, or a "digital signature," as defined by California Government Code Section 16.5. An electronic or digital signature shall have full legal effect and enforceability. This Agreement may be executed in any one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same Agreement.

15. **Section Headings**. The section headings used herein are not a substantive part of this Agreement and are included solely for convenience and have no bearing upon and do not in any way limit the application of the terms and conditions of this Agreement.

16. **Incorporation**. The Recitals are true and correct and are incorporated herein by this reference.

17. **Entire Agreement**. This Agreement represents the entire and integrated contract between the District and Employee and supersedes all prior understandings, negotiations, representations, or agreements.

18. **Voluntary Agreement**. Employee represents and warrants that (1) he has carefully read and fully understands all the provisions of this Agreement, (2) he is free to enter into this Agreement and to render the duties and services described in it, (3) entering into and performance of this Agreement will not breach or violate or conflict with any other agreement (written or oral) to which Employee is a party, and (4) Employee has had an opportunity to consult with Employee's legal

counsel prior to entering into this Agreement and have either done so or voluntarily chosen not to do so. Employee is voluntarily entering into this Agreement. The District represents and warrants that it has the right and power to enter into this Agreement.

IN WITNESS WHEREOF, the Parties have entered into this Employment Agreement for the Position of General Manager as of the Agreement Date.

YORBA LINDA WATER DISTRICT

By: [redacted]
J. Wayne Miller, Board President

EMPLOYEE

By: [redacted]
Richard Mark Toy

APPROVED AS TO FORM

Kidman Gagen Law LLP

[redacted]
Andrew B. Gagen, General Counsel

Yorba Linda Water District

FIRST AMENDMENT TO EMPLOYMENT AGREEMENT FOR POSITION OF GENERAL MANAGER

This First Amendment to Employment Agreement for Position of General Manager ("First Amendment") is made and entered on January 11, 2024, by and between the Yorba Linda Water District ("District") and Richard Mark Toy ("Employee").

RECITALS

A. The District and Employee entered an Employment Agreement for Position of General Manager ("Agreement") on August 24, 2022, according to which Employee has served, and continues to serve, as General Manager of the District.

B. Under Sections 3 (Employee Compensation) and 7 (Performance Evaluation) of the Agreement, Employee is eligible for salary adjustments, and the Board of Directors may review and evaluate Employee's performance on an annual, quarterly, or other basis, or pursuant to the District's performance evaluation policy.

C. The Board of Directors completed its annual review of Employee's performance in November 2023.

D. Based on the Board of Directors' performance review and in the interest of maintaining the employment relationship, the Board of Directors desire to (i) provide Employee a cost of living adjustment, under Section 3.1 of the Agreement, as a salary increase, and (ii) under Section 8.1 of the Agreement, increase the amount of Employee's severance payment for calendar year 2024.

E. In accordance with Section 3 of the Agreement, any salary increase is not effective until the District and Employee draft and sign an amendment to the Agreement that states the new annual base salary and the effective date of that new salary, and such amendment is adopted by the Board in accordance with the Ralph M. Brown Act (California Government Code 54950 et seq.).

AGREEMENT

NOW THEREFORE, in consideration of the foregoing recitals and mutual covenants contained herein, and for good and valuable consideration, the adequacy of which is hereby acknowledged, the District and Employee agree to amend the Agreement as follows:

1. The recitals above are true and correct.

2. Section 3 (Employee Compensation) of the Agreement is amended to provide as follows:

Retroactive to July 1, 2023, Employee shall receive a 5% increase of Employee's annual base salary as a cost-of-living adjustment, which will increase Employee's salary from $265,000.00 to $278,250.00, payable in twenty-six equal biweekly installments, for performance of Employee's service as General Manager under the Agreement.

Effective July 1, 2024, Employee shall receive a 4% increase of Employee's annual base salary as a cost-of-living adjustment, which will increase Employee's salary from $278,250.00 to $289,380.00,

payable in twenty-six equal biweekly installments, for performance of Employee's service as General Manager under the Agreement

3. Effective January 1, 2024 through December 31, 2024, Section 8.1 of the Agreement is amended as follows (additions in **bold/underline**, deletions in ~~strike-out~~):

   Severance Payment: In the event the Employee is terminated by the Board before the expiration of the Term, as may be amended, and during such time that Employee is willing and able to perform the duties of the General Manager position, the District agrees to make a lump sum severance payment to Employee in an amount equal to **six (6) months** ~~three (3) months~~ of the Employee's monthly salary at the time of termination.

   Unless Employee and the Board of Directors agree otherwise, the amount of Employee's severance payment will revert to three (3) months salary on January 1, 2025.

4. All other terms and language in the Agreement, which are unaffected by this First Amendment, shall remain unchanged and in full force and effect.

5. This First Amendment may be signed in counterparts.

YORBA LINDA WATER DISTRICT

[redacted]

Trudi DesRoches, Board President

1/16/2024
Date

EMPLOYEE

[redacted]

Richard Mark Toy, General Manager

1/11/2024
Date

APPROVED AS TO FORM:
Kidman Gagen Law LLP

[redacted]

Andrew B. Gagen, General Counsel

Yorba Linda Water District

SECOND AMENDMENT TO EMPLOYMENT AGREEMENT FOR POSITION OF GENERAL MANAGER

This Second Amendment to Employment Agreement for Position of General Manager ("Second Amendment") is made and entered on September 19, 2024, by and between the Yorba Linda Water District ("District") and Richard Mark Toy ("Employee").

RECITALS

A. On August 24, 2022, the District and Employee entered an Employment Agreement for Position of General Manager ("Agreement") in which Employee has served, and continues to serve, as General Manager of the District.

B. On January 11, 2024, the District and Employee entered into a First Amendment to the Agreement (i) providing cost-of-living adjustments and (ii) temporarily increasing Employee's severance payment.

C. Under Sections 3 (Employee Compensation) and 7 (Performance Evaluation) of the Agreement, Employee is eligible for compensation adjustments, and the District Board of Directors may review and evaluate Employee's performance on an annual, quarterly, or other basis, or pursuant to the District's performance evaluation policy.

D. The District Board of Directors completed its annual review of Employee's performance in August 2024.

E. Based on the Board of Directors' positive performance review and in the interest of maintaining the employment relationship, the Board of Directors desire to (i) increase Employee's base salary in accordance with Section 3.1 of the Agreement, (ii) untether Employee's base salary from Employee's initial waiver of Employee's health benefits under Section 4.1, (iii) extend the expiration date of Employee's six-month severance payment from December 31, 2024, to the termination of the Agreement, (iv), increase Employee's vacation from 3 weeks to 4 weeks per year, and (v) increase Employee's monthly automobile reimbursement amount.

F. In accordance with Section 3 of the Agreement, any salary increase is not effective until the District and Employee draft and sign an amendment to the Agreement that states the new annual base salary and the effective date of that new salary, and such amendment is adopted by the Board in accordance with the Ralph M. Brown Act (California Government Code 54950 et seq.).

AGREEMENT

NOW THEREFORE, in consideration of the foregoing Recitals and mutual covenants contained herein, and for good and valuable consideration, the adequacy of which is hereby acknowledged, the District and Employee agree to amend the Agreement as follows:

1. The above Recitals are true and correct.

2. Effective July 1, 2024, Section 3 (Employee Compensation) of the Agreement is amended to increase Employee's base salary from $289,380.00 to $340,000.00, payable in twenty-six equal biweekly installments, for performance of Employee's service as General Manager under the Agreement.

3. Effective July 1, 2024, Section 4.1 of the Agreement is amended as follows (additions in **bold/underline**, deletions in ~~strike-out~~):

> Health Benefits. Employee is eligible to receive, at District's expense, health benefits as set forth in Section 4 of the Agreement.~~Subsections 4.1.1-4.1.3.~~ **All health benefits under Section 4 shall cease upon termination or expiration of the Agreement.** ~~However, as of the Agreement Date, Employee waived insurance coverage in this Subsections 4.1 (medical, dental and vision), only, on behalf of Employee and Employee's dependents in exchange for a $15,000 increase in Employee's base salary from $250,000 to $265,000. During the Term of this Agreement, and upon Board approval, Employee is eligible to receive insurance coverage provided in this Subsections 4.1 (medical, dental and vision). For avoidance of doubt, Employee accepts, and shall receive, all other benefits provided below in Sections 4.2-4.13.3.~~

4. Effective July 1, 2024, Section 4.6.1 (Vacation Leave) of the Agreement is amended to increase Employee's vacation accrual from 4.615 to **6.154** hours per pay period.

5. Effective July 1, 2024, Section 4.7 (Automobile Reimbursement) of the Agreement is amended to increase Employee's monthly car allowance from six hundred dollars ($600.00) to **six hundred and fifty dollars ($650.00)** per month, payable in bi-monthly installments.

6. Effective July 1, 2024, Section 8.1 (Severance Payment) of the Agreement is amended to increase the District's lump sum severance payment to Employee from an amount equal to three (3) months of the Employee's monthly salary at the time of termination to **six (6) months** of the Employee's monthly salary at the time of termination.

7. All other terms and language in the Agreement and First Amendment, which are unaffected by this Second Amendment, shall remain unchanged and in full force and effect.

8. This Second Amendment may be signed in counterparts.

(Signatures on the Following Page)

YORBA LINDA WATER DISTRICT

[redacted]

Trudi DesRoches, Board President

9/19/24
Date

EMPLOYEE

[redacted]

Richard Mark Toy, General Manager

9/19/2024
Date

APPROVED AS TO FORM:
Kidman Gagen Law LLP

[redacted]

Andrew B. Gagen, General Counsel

Yorba Linda Water District

THIRD AMENDMENT TO EMPLOYMENT AGREEMENT FOR POSITION OF GENERAL MANAGER

This Third Amendment to Employment Agreement for Position of General Manager ("Third Amendment") is made and entered on August 30, 2025 ("Agreement Date"), by and between the Yorba Linda Water District ("District") and Richard Mark Toy ("Employee").

RECITALS

A. On August 24, 2022, the District and Employee entered an Employment Agreement for Position of General Manager ("Agreement") in which Employee has served, and continues to serve, as General Manager of the District. All capitalized terms not defined in this Third Amendment shall have the same meaning as defined in the Agreement and the amendments thereto. Section 12 of the Agreement authorizes this Third Amendment.

B. On January 11, 2024, the District and Employee entered into a First Amendment to the Agreement (i) providing a cost-of-living adjustment (COLA) to Employee's base salary and (ii) temporarily increasing Employee's severance payment.

C. On September 12, 2024, the District and Employee entered into a Second Amendment to the Agreement to (i) increase Employee's base salary, (ii) untether Employee's base salary from Employee's initial waiver of Employee's health benefits, (iii) extend the expiration date of Employee's six-month severance payment from December 31, 2024, to the termination or expiration of the Agreement, (iv), increase Employee's vacation, and (v) increase the amount of Employee's monthly automobile reimbursement.

D. Under Sections 3 (Employee Compensation) and 7 (Performance Evaluation) of the Agreement, Employee is eligible for compensation adjustments, and the District Board of Directors may review and evaluate Employee's performance on an annual, quarterly, or other basis, or pursuant to the District's performance evaluation policy.

E. In September 2025, the District Board of Directors completed its annual review of Employee's performance for fiscal year 2024/2025.

F. Based on the District Board of Directors' positive performance review and in the interest of maintaining Employee's employment relationship with the District, the Board of Directors desire to:

(i) extend the Term of the Agreement through June 30, 2028;

(ii) effective July 1, 2025, increase Employee's base salary by 5.5% as merit pay;

(iii) effective July 1, 2025, increase Employee's base salary by 4.0% as a Cost of Living Adjustment (COLA);

(iv) effective July 1, 2026, and annually thereafter without Board approval, automatically increase Employee's base salary by the same COLA percentages received by District employees on the same effective dates, which as of the Agreement Date are 5% on July 1, 2026, and 4.5% on July 1, 2027;

(v) effective July 1, 2025, the District will match Employee's contributions to deferred compensation dollar for dollar, not to exceed 2.5% of Employee's base salary, which is the

same percentage received by District employees, and automatically increase Employee's deferred compensation match in accordance with any increase to District employees' deferred compensation match on the same effective dates of any such increases;
(vi) effective July 1, 2025, and annually thereafter without Board approval, automatically increase Employee's monthly automobile reimbursement amount by the COLA percentages received by all District employees on the same effective dates of such adjustments, which as of the Agreement Date are 5% on July 1, 2025; 5% on July 1, 2026; and 4.5% on July 1, 2027;
(vii) revise Section 4.6.3 (Holidays) of the Agreement to update the language in Section 4.6.3 to current District standards and practices regarding District holidays under the Unrepresented Personnel Manual & Yorba Linda Water District Employees' Association Memorandum of Understanding ("YLWDEA MOU") because the reference in Section 4.6.3 to "the District's annual Holiday Schedule" is outdated since the Holiday Schedule no longer exists and has been replaced by the applicable language in the YLWDEA MOU; and
(viii) revise Section 7.9 (Professional Development) of the Agreement so Employee no longer requires Board approval for any expenses authorized by Section 7.9 so long as such expenses are within the Board approved budget for such authorized expenses.

G. Any increases to Employee's base salary from multiple sources such as COLA and merit will be combined first and then applied to Employee's base salary, not applied separately to Employee's base salary which would cause an unintended compounding effect to Employee's base salary. For example, a 3% COLA and 4% merit increase will be combined (not applied separately to Employee's base salary) to equal a 7% increase to Employee's base salary.

H. In accordance with Section 3 of the Agreement, any salary increase is not effective until the District and Employee draft and sign an amendment to the Agreement that states the new annual base salary and the effective date of that new salary, and such amendment is adopted by the Board in accordance with the Ralph M. Brown Act (California Government Code 54950 et seq.).

AGREEMENT

NOW THEREFORE, in consideration of the foregoing Recitals and mutual covenants contained herein, and for good and valuable consideration, the adequacy of which is hereby acknowledged, the District and Employee agree to amend the Agreement as follows:

1. The above Recitals are true and correct.

2. In accordance with Section 1 (Term of Employment) of the Agreement, Section 1 is amended to extend the Term of the Agreement from August 29, 2025 to and through June 30, 2028.

3. In accordance with Section 3 (Employee Compensation) of the Agreement, Section 3 is amended, effective July 1, 2025, to increase Employee's base salary from $340,000.00 to $372,300, payable in twenty-six equal biweekly installments, for performance of Employee's duties as General Manager.

4. Section 3.1 (Compensation Adjustment) of the Agreement is stricken and replaced in its entirety as follows (additions in **bold/underline**, deletions in ~~strike-out~~):

> Compensation Adjustment. In conjunction with each performance evaluation described below, at the Board's sole discretion, the Board may consider any appropriate merit pay~~, cost of living,~~ or other

compensation adjustment either in lump sum or as a salary increase or in benefits as the Board may decide. **Effective July 1, 2026,** ~~The~~ **the base** salary of Employee **will automatically increase, without Board approval, in accordance with any** ~~is not subject to District~~ cost of living adjustments (COLA) provided to other District employees~~, if any,~~ **on the same effective dates as the employees' adjustments**~~, but rather the Board may consider cost of living increases as part of its Employee merit pay consideration~~. Any increases to Employee's base salary from multiple sources such as COLA and merit will be combined first and then applied to Employee's base salary.

5. Effective July 1, 2025, Section 4.5 (Deferred Compensation) of the Agreement is amended to increase Employee's deferred compensation match from 2.0% to 2.5% of base salary. Employee's deferred compensation match will automatically increase in accordance with any increase to District employees' deferred compensation match on the same effective dates as the employees' increases.

6. Section 4.6.3 (Holidays) of the Agreement is stricken and replaced in its in entirety as follows (additions in **bold/underline**, deletions in ~~strike-out~~):

> *Holidays*. Employee is entitled to holiday compensation for each holiday ~~as~~ set forth in the **operative YLWDEA MOU** ~~District's annual Holiday Schedule~~, which is 11 holidays plus **three**~~one~~ floating holiday**s** as of the Agreement Date, in an amount equal to the number of hours Employee normally would have worked other than for the holiday. Employee is only eligible for holiday compensation if Employee is at work or on paid leave of absence on the regularly scheduled workday immediately preceding the day observed as the holiday and the regularly scheduled workday immediately following the day observed as the holiday. If Employee is scheduled work week is Monday through Thursday, a District-observed holiday falling on a Friday, Saturday, or Sunday shall convert into a floating holiday to be used within the fiscal year in which it is accrued or the following fiscal year. Any unused floating holiday will be cashed out at the Employee's then hourly rate of pay at the end of the fiscal year following the fiscal year during which the time was accrued.

7. Effective July 1, 2025, Section 4.7 (Automobile Reimbursement) of the Agreement is amended to automatically increase, without Board approval, Employee's monthly automobile reimbursement amount by the COLA to District employees' salaries on the same effective dates as the employees' adjustments.

8. Effective July 1, 2025, Section 4.9 (Professional Growth) of the Agreement is stricken and replaced in its entirety as follows (additions in **bold/underline**, deletions in ~~strike-out~~).

> 4.9 Professional Growth. The District agrees to pay the following expenses on behalf of the Employee, **which expenses shall not exceed the Board-approved budget in any given fiscal year for the expenses described below.** ~~subject to the Board's discretion and approval~~:
>
> 4.9.1. *Professional and Civil Affiliations and Professional Development.* The District agrees to pay for professional dues and subscriptions on behalf of Employee that are reasonably necessary as determined by the ~~Board~~

Employee for Employee's continuation and full participation in national, regional, state, or local associations and organizations necessary and desirable for Employee's continued professional participation, growth, advancement, or for the good of the District. ~~All fees or expenses contemplated under this section must be approved by the Board before they are incurred.~~

4.9.2. *Professional Development.* The District agrees to pay the travel and subsistence expenses of Employee for official travel, meetings, and events reasonably necessary to continue the professional development of the Employee as General Manager of the District and reasonably necessary to fulfill official and other functions for the District~~, as determined to be reasonable and necessary by the Board~~. These meetings and events may include, but are not limited to, the annual and semi-annual conferences of the Association of California Water Agencies, the American Water Works Association, the American Society of Civil Engineers, and other national, regional, state, and local conferences of governmental groups and committees in which Employee may participate from time to time. ~~All fees or expenses contemplated under this section must be approved by the Board before they are incurred.~~

4.9.3. *Continued Education.* The District agrees to reimburse Employee for all costs associated with continuation education credits, courses, and the pursuit of an advanced degree, which are directly related to Employee's essential job duties for the General Manager position~~, if and when such costs are approved in advance and deemed necessary by the Board~~. Employee agrees to be subject to the terms and conditions of District Policy Number 7010-006: Educational Reimbursement Policy, including completion of the Exhibits to the Policy. ~~Preapproval or denial for Employee to take any courses/programs, however, will come directly from the Board at a regularly scheduled Board meeting following Employee's timely submission of the Intention to Take Courses/Pre-approval application to the Board.~~

9. All other terms and language in the Agreement as amended, which are unaffected by this Third Amendment, shall remain unchanged and in full force and effect.

10. This Third Amendment may be signed in counterparts.

(Signatures on the Following Page)

YORBA LINDA WATER DISTRICT

[redacted]

Tom Lindsey, Board President

11-13-2025

Date

EMPLOYEE

[redacted]

Richard Mark Toy,
General Manager, P.E.* BC.WRE
*Licensed in Arizona and Virginia

13 NOV 2025
Date

APPROVED AS TO FORM:
Kidman Gagen Law LLP

[redacted]

Andrew B. Gagen, General Counsel

Yorba Linda Water District

FOURTH AMENDMENT TO EMPLOYMENT AGREEMENT FOR POSITION OF GENERAL MANAGER

This Fourth Amendment to Employment Agreement for Position of General Manager ("Fourth Amendment") is made and entered on October 8, 2026 ("Agreement Date"), by and between the Yorba Linda Water District ("District") and Richard Mark Toy ("Employee").

RECITALS

A. On August 24, 2022, the District and Employee entered an Employment Agreement for Position of General Manager ("Agreement") in which Employee has served, and continues to serve, as General Manager of the District. All capitalized terms not defined in this Fourth Amendment shall have the same meaning as defined in the Agreement and the amendments thereto. Section 12 of the Agreement authorizes this Fourth Amendment.

B. On January 11, 2024, the District and Employee entered into a First Amendment to the Agreement (i) providing a cost-of-living adjustment (COLA) to Employee's base salary and (ii) temporarily increasing Employee's severance payment.

C. On September 12, 2024, the District and Employee entered into a Second Amendment to the Agreement to (i) increase Employee's base salary, (ii) untether Employee's base salary from Employee's initial waiver of Employee's health benefits, (iii) extend the expiration date of Employee's six-month severance payment from December 31, 2024, to the termination or expiration of the Agreement, (iv), increase Employee's vacation, and (v) increase the amount of Employee's monthly automobile reimbursement.

D. On or about August 30, 2025, the District and Employee entered into a Third Amendment to the Agreement to (i) extend the Term of the Agreement through June 30, 2028; (ii) increase Employee's base salary by 5.5% as merit pay; (iii) increase Employee's base salary by 4.0% as a Cost of Living Adjustment (COLA); (iv) automatically increase Employee's base salary by the same COLA percentages received by District employees; (v) match Employee's contributions to deferred compensation; (vi) automatically increase Employee's monthly automobile reimbursement amount by the COLA percentages received by all District employees; (vii) update the language in Section 4.6.3 to current District standards and practices regarding District holidays; and (viii) no longer require Board approval for any expenses authorized by Section 7.9.

E. Under Sections 3 (Employee Compensation) and 7 (Performance Evaluation) of the Agreement, Employee is eligible for compensation adjustments, and the District Board of Directors may review and evaluate Employee's performance on an annual, quarterly, or other basis, or pursuant to the District's performance evaluation policy.

F. In September 2026, the District Board of Directors completed its annual review of Employee's performance for fiscal year 2025/2026.

G. Based on the District Board of Directors' positive performance review and in the interest of maintaining Employee's employment relationship with the District, the Board of Directors desire to increase Employee's base salary by 2.5% as merit pay. Any increases to Employee's base

salary from multiple sources such as COLA and merit will be combined first and then applied to Employee's base salary, not applied separately to Employee's base salary which would cause an unintended compounding effect to Employee's base salary. For example, a 3% COLA and 4% merit increase will be combined (not applied separately to Employee's base salary) to equal a 7% increase to Employee's base salary.

H. In accordance with Section 3 of the Agreement, any salary increase is not effective until (i) the District and Employee draft and sign an amendment to the Agreement that states the new annual base salary and the effective date of that new salary, and (ii) such amendment is adopted by the Board in accordance with the Ralph M. Brown Act (California Government Code 54950 et seq.).

AGREEMENT

NOW THEREFORE, in consideration of the foregoing Recitals and mutual covenants contained herein, and for good and valuable consideration, the adequacy of which is hereby acknowledged, the District and Employee agree to amend the Agreement as follows:

1. The above Recitals are true and correct.

2. In accordance with Section 3 (Employee Compensation) of the Agreement, Section 3 is amended, effective July 1, 2026, to increase Employee's base salary by (a) 2.5% as merit pay and (b) 5% as an automatic annual COLA for a total increase of 7.5% to Employee's base salary, which increases Employee's base salary from $372,300 to $400,222.50 ($372,300 x 1.075), payable in twenty-six equal biweekly installments, for performance of Employee's duties as General Manager.

3. All other terms and language in the Agreement as amended, which are unaffected by this Fourth Amendment, shall remain unchanged and in full force and effect.

4. This Fourth Amendment may be signed in counterparts.

(Signatures on the Following Page)

YORBA LINDA WATER DISTRICT

[redacted]

Gene Hernandez, Board President

October 8, 2026

Date

EMPLOYEE

[redacted]

Richard Mark Toy,
General Manager, P.E.* BC.WRE
*Licensed in Arizona and Virginia

October 8, 2026

Date

APPROVED AS TO FORM:
Kidman Gagen Law LLP

[redacted]

Andrew B. Gagen, General Counsel