

## AT-WILL EMPLOYMENT AGREEMENT

**Robert C. Thompson**  
**General Manager**

## ORANGE COUNTY SANITATION DISTRICT

THIS AT-WILL EMPLOYMENT AGREEMENT ("Agreement") is entered into, to be effective the **1<sup>st</sup> day of July, 2024**, by and between:

ORANGE COUNTY SANITATION DISTRICT, hereinafter referred to as "OC San";

AND

ROBERT C. THOMPSON, sometimes hereinafter referred to as "General Manager"; collectively referred to herein as ("the Parties")

## RECITALS

WHEREAS, OC San desires to continue to employ Robert C. Thompson ("Mr. Thompson"), as General Manager of OC San, pursuant to the terms and conditions as set forth in this Agreement; and

WHEREAS, Mr. Thompson, by virtue of his education, training and experience, is fully qualified to fill the position of General Manager and desires to serve OC San as its General Manager, pursuant to the terms and conditions of this Agreement; and

WHEREAS, per Resolution No. OC SAN 24-10 adopted on August 28, 2024, OC San's Board of Directors has approved and authorized the Board Chair to execute this Agreement to include a base building salary increase of 7.3% of his current salary.

WHEREAS, at the beginning of negotiations of a new Agreement, the parties agreed that any salary changes agreed to would take effect retroactively to the first pay period of July 2024, which is the first pay period in the current fiscal year.

NOW, THEREFORE, the Parties hereto agree as follows:

**Section 1:** OC San hereby continues to employ Mr. Thompson to serve as General Manager of the Orange County Sanitation District, commencing on the effective date hereof, and continuing until termination by either Party, as provided in this Agreement.

In that capacity, Mr. Thompson agrees to perform the functions and duties of General Manager, the administrative head of OC San, as prescribed by the laws of the State of California, and by the rules, regulations, decisions, and directions of the Board of Directors of OC San (hereinafter referred to as "Board"). The General Manager's duties may involve expenditures of time in excess of the regularly established workday or in excess of a forty-hour work week and may also include time outside normal office hours (including attendance at Board and Committee meetings). General Manager is classified as an exempt employee under applicable California and federal wage and hour laws and shall not be entitled to any additional compensation for hours worked in excess of forty in a work week.

**Section 2:** Mr. Thompson shall be employed in an "at-will" capacity serving at the sole pleasure of the Board. This means that either party to this Agreement may terminate the Agreement at any time for any reason with or without cause, and without hearing, upon 30 days' notice to the other party. Mr. Thompson is advised and acknowledges that he has none of the termination rights of a Regular employee of OC San. Except as expressly provided herein, and as a condition of employment, Mr. Thompson knowingly, willingly and voluntarily gives up, waives, and disclaims any and all rights he may have, express or implied, to any notice and/or hearing before or after termination, and/or to any continued employment with OC San after termination.

As an "at-will" employee, Mr. Thompson understands that he may be subject to termination with or without cause at the sole discretion of the Board, notwithstanding that the other provisions of OC San's Personnel Policies and Procedures Manual (hereinafter referred to as "Manual") apply to Mr. Thompson. If OC San terminates employment without cause, Mr. Thompson shall be given a thirty (30) day Notice of Termination and severance pay in an amount equal to six (6) months of his then current annual base salary upon Mr. Thompson's execution of a valid written release of legal claims and expiration of any legally required revocation period.

If OC San terminates this Agreement (thereby terminating Mr. Thompson's employment) without cause, and Mr. Thompson executes a valid written release of legal claims, the severance pay is considered a cash settlement related to the termination of Mr. Thompson and waiver of legal claims and shall be fully reimbursed to OC San by Mr. Thompson if Mr. Thompson is convicted of a crime involving an abuse of his office or position. Abuse of office or position shall have the meaning set forth in Government Code 53243.4, as may be amended, of either (1) an abuse of public authority, including, but not limited to, waste, fraud and violation of the law under color of authority, or (2) a crime against public justice, including, but, not limited to, a crime described in Title 7 (commencing with Section 92 of Part 1 of the Penal Code). Mr. Thompson shall reimburse such severance pay to OC San no later than six (6) months after such conviction. If Mr. Thompson terminates his employment with 30 days' notice, the Board shall have the right to accept his resignation effective the date notice is given. Such decision to accept his resignation earlier shall not be considered a termination without cause and shall not entitle Mr. Thompson to receive the severance pay noted above.

**Section 3:** The term of this Agreement shall commence on the effective date above and continue for an indefinite duration, until terminated by either Party pursuant to Section 2 above, or unless terminated or amended as provided herein.

**Section 4:** As compensation for the services to be performed hereunder, upon the effective date of this Agreement, OC San agrees to pay General Manager an annual base salary for services rendered of three hundred eighty-five thousand, two hundred thirty-six dollars and eighty cents (\$385,236.80), subject to all applicable deductions and withholdings of any and all sums required by then current state, federal or local law, along with deductions of applicable sums the General Manager is obligated to pay because of participation in plans and programs described in this Agreement, and paid biweekly in accordance with OC San's established accounting and payroll practices at the same time and in the same manner as other employees of OC San. No increase in salary may exceed the compensation permitted by the applicable salary range for the classification established by duly adopted Resolution of the Board.

**Section 5:** For the period of this Agreement, OC San shall provide Mr. Thompson with a fixed benefit package that includes the following:

- Personal Leave – accrued based on years of service for all paid hours, including hours actually worked and hours in a paid-leave payroll status, on a biweekly basis in accordance with the Manual. Personal leave accruals shall not exceed

four hundred forty (440) hours as of December 31 of each year. Any hours in excess of said limit, will be paid to Mr. Thompson in January in an amount equal to the hourly rate of compensation.

- Administrative Leave – 40 hours per fiscal year, granted and not eligible for annual cash out.
- Investment Incentive Salary (IIS) – 6% of base salary applied on a biweekly fiscal year basis, and a flat amount of one thousand two hundred fifty dollars (\$1,250) annually.
- Deferred Compensation – OC San-paid annual allocation of \$11,000 allocated on a biweekly calendar year basis.
- Car Allowance – OC San-paid annual allocation of \$8,400 issued on a semi-monthly basis.
- Medical Allowance – OC San-paid annual allocation of six thousand dollars (\$6,000), with any funds not used toward employee portions of insurance premiums to be returned to the employee in a mutually agreeable manner (such as flexible spending account contributions or cash payment).

Mr. Thompson's benefit package also shall include benefits consistent with the Manual for: holiday pay; medical, dental, vision and life insurance at three times base salary; long-term and short-term disability insurance; and employee assistance program. Additionally, Mr. Thompson's benefit package shall include executive disability insurance benefits, consistent with those provided to OC San managers.

These benefits shall remain in full force and effect unless and until replaced by an amendment to this Agreement, signed by Mr. Thompson and approved by the Board, which amendment shall include the effective date thereof.

**Section 6:** OC San's Steering Committee shall meet with General Manager in August of each year during the term of this Agreement to review and evaluate his performance over the prior year. The Steering Committee shall make its recommendation(s) to the Board concerning adjustment to the compensation and/or benefits paid or provided to General Manager, to be effective in July of the year of review. After consideration of the recommendation(s) of the Steering Committee, the Board shall determine and approve the compensation, including benefits, payable to General Manager, which generally becomes effective July of the fiscal year of the review. Failure of OC San to review and evaluate the performance of the General

Manager pursuant to this section shall not affect the right of OC San to terminate the General Manager's employment and shall not be considered a breach of this Agreement.

**Section 7:** Mr. Thompson shall be a Participant Member in the Orange County Employees Retirement System ("OCERS"). OC San shall pay the required employer's contribution of Mr. Thompson's required employee contribution rate for membership in OCERS pension Plan H which includes full payment of Employer Paid Member Contribution ("EPMC").

**Section 8:** OC San shall reimburse General Manager for all expenses paid by him and incurred for non-personal, job-related OC San business that are reasonably necessary to the General Manager's service to OC San. OC San agrees to either pay such expenses in advance or to reimburse the expenses, so long as the expenses are incurred and submitted according to the criteria established by OC San's budget and/or normal expense reimbursement procedures pursuant to applicable policy Resolutions. To be eligible for reimbursement, all expenses must be supported by documentation meeting OC San's policies and requirements and must be submitted within time limits established by OC San. Such reimbursement shall not be considered a benefit.

**Section 9:** During the period of this Agreement, it is agreed that General Manager shall devote his fulltime, skills, labor and attention to said employment. At no time may General Manager undertake outside activities consisting of consultant work, speaking engagements, writing, lecturing, or other similar professional activities for money or other consideration without prior approval of OC San's Steering Committee. However, the expenditure of reasonable amount of time for educational, charitable, or professional activities shall not be deemed a breach of this Agreement if those activities do not conflict or materially interfere with the services required under this Agreement and shall not require the prior written consent of the Steering Committee.

This Agreement shall not be interpreted to prohibit General Manager from making passive personal investments or conducting private business affairs, provided those activities are not deemed to be a conflict of interest by state law nor do they conflict or materially interfere with the services required under this Agreement. Nothing in this At-Will Employment Agreement shall be construed to prevent General Manager from engaging in lawful conduct outside of working hours that does not materially interfere with General Manager's employment.

**Section 10:** The Board has the sole discretion to determine whether OC San shall pay General Manager pending an investigation into any alleged misconduct by General Manager. In the event that OC San's Board determines, in its sole discretion, that it is in the best interest of OC

San for General Manager to be placed on paid administrative leave pending such an investigation, General Manager shall fully reimburse any salary provided for that purpose if the misconduct for which the General Manager was under investigation results in the General Manager being convicted of a crime involving an abuse of his office or position as defined in Section 2 of this Agreement. General Manager shall reimburse such salary to OC San no later than six months after such conviction.

**Section 11:** In the event that OC San provides funds for the legal criminal defense of General Manager, General Manager shall fully reimburse said funds to OC San if the General Manager is convicted of a crime involving an abuse of his/her office or position as defined in Section 2 of this Agreement. General Manager shall reimburse such criminal legal defense fees to OC San no later than six months after such conviction.

**Section 12:** Other employment benefits for General Manager not specifically provided for in this At-Will Employment Agreement are set out in the Manual.

**Section 13:** This Agreement supersedes any and all other prior agreements, either oral or in writing, between the Parties hereto with respect to the employment of Mr. Thompson by OC San and contains all of the covenants and agreements between the Parties with respect to that employment in any manner whatsoever. Each Party to this Agreement acknowledges that no representation, inducement, promise, or agreement, orally or otherwise, has been made by any Party, or anyone acting on behalf of any Party, which is not embodied herein, and that no other agreement, statement, or promise not contained in this Agreement or Employment shall be valid or binding on either Party.

**Section 14:** Any notices to be given hereunder by either Party to the other shall be in writing and may be transmitted by personal delivery, or by mail, registered or certified, postage prepaid, with return receipt requested. Mailed notices shall be addressed to the Parties at the addresses maintained in the personnel records of OC San, but each Party may change that address by written notice in accordance with this Section. Notices delivered personally shall be deemed communicated as of the date of actual receipt; mailed notices shall be deemed communicated as of the date of mailing.

**Section 15:** Any modifications of this Agreement will be effective only if set forth in writing and signed by the Parties.

**Section 16:** The failure of either Party to insist on strict compliance with any of the terms, covenants, or conditions of this Agreement by the other Party, shall not be deemed a waiver of that term, covenant, or condition, nor shall any waiver or relinquishment of any right or power at any one time or times be deemed a waiver or relinquishment of that right or power for all or any other times.

**Section 17:** If any term or other provision of this At-Will Employment Agreement is determined by a court of competent jurisdiction to be invalid, illegal or incapable of being enforced by any rule of law or public policy, all other terms, provisions and conditions shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement so as to affect the original intent of the Parties as closely as possible to the fullest extent permitted by applicable law in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

**Section 18:** This Agreement shall be governed by and construed in accordance with the laws of the State of California and all applicable ordinances, policies and resolutions.

**Section 19:** General Manager acknowledges that he has had the opportunity and has conducted an independent review of the financial and legal effects of this Agreement. General Manager acknowledges that he has made an independent judgment upon the financial and legal effects of the Agreement and has not relied upon representation of OC San, its elected or appointed officers and officials, agents or employees other than those expressly set forth in this Agreement. General Manager acknowledges that he has been advised to obtain, and has availed himself of, legal advice with respect to the terms and provisions of this Agreement.

**IN WITNESS WHEREOF**, the parties hereto have executed this At-Will Employment Agreement as follows.

**"OC SAN"**

**ORANGE COUNTY SANITATION DISTRICT**

**"GENERAL MANAGER"**

By: \_\_\_\_\_  
Robert C. Thompson                      Date

CHAIR, BOARD OF DIRECTORS

By:

\_\_\_\_\_  
Ryan P. Gallagher                      Date

APPROVED AS TO FORM:

GENERAL COUNSEL

\_\_\_\_\_  
Scott C. Smith                              Date