

**AGREEMENT FOR PERSONAL SERVICES**  
**between**  
**HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT**  
**and**  
**PAUL L. KELLEY**  
(Amendment 4/15/26)

This AGREEMENT FOR PERSONAL SERVICES (the "Agreement") is made and entered into this 5th day of May 2025 (the "Effective Date") by and between the HIDDEN VALLEY LAKE COMMUNITY SERVICES DISTRICT, a California Special District formed under applicable provisions of the California Government Code section 60000, et seq. (hereinafter referred to as "District") and PAUL L. KELLEY, an individual to be employed by the District as General Manager (hereinafter referred to as "General Manager").

Recitals

The District's Board of Directors (the "Board") wishes to enter into an agreement with PAUL L. KELLEY to provide professional services as General Manager of the District.

NOW THEREFORE IT IS AGREED by the DISTRICT and PAUL L. KELLEY as follows:

- I. DUTIES: The General Manager shall perform all duties, assume all obligations and constantly meet all qualifications of the office of General Manager as described in the specifications for said position, and as may be approved by the Board as of the Effective Date, and as such specifications may, from time to time, be amended by the Board. General Manager shall be subject to all pertinent provisions of the ordinances, resolutions, rules, regulations and all other lawful orders and directives of the Board and the District. Said duties and obligations as noted on EXHIBIT "A", which is attached hereto and incorporated herein as if fully set forth, shall be performed in an efficient and professional manner and in conformance with the standards generally prevailing for the performance of the duties and obligations pertaining to the position of similar managerial positions of public or private entities, including, but not limited to, Community Services Districts, in the State of California. Notwithstanding any other provision herein, General Manager shall serve at the pleasure of the Board and may be discharged at any time with or without cause, subject only to Section XII of this Agreement.
  
- II. General Manager acknowledges that, in their work for the District, they will have access to confidential information of the District. Accordingly, General Manager agrees that during the term of this Agreement and thereafter, General Manager will not, other than in the performance of their duties or otherwise as required by law, disclose to anyone any confidential information about the business of the District, nor shall the General Manager make use of any such information for their own benefit.
  
- III. GENERAL MANAGER AND BOARD RESPONSIBILITIES: The Board of Directors is the governing body of the District and retains the responsibility of formulating and

adopting District policy. The General Manager has the primary responsibility for the implementation of District policy.

- IV. PERSONNEL MATTERS: The General Manager has the additional responsibility to hire, train, discipline, and discharge the District's employees, including administrative and supervisory staff to best serve the District. It is, however, understood and agreed that these responsibilities are specifically limited by the fact that the Board of Directors of the District must specifically approve the creation and authorization of positions, and the establishment and adjustment of pay scales for these positions. The General Manager retains the authority to promote or demote employees within their respective class of position and make salary adjustments consistent with previously Board approved authority for the position and any applicable labor agreement.
- V. EFFECTIVE DATE AND TERM: The initial term of this Agreement shall commence on May 5, 2025, and end on May 5, 2029.

From and after the Effective Date, General Manager shall perform all duties, assume all obligations and constantly meet all qualifications of the office of General Manager as described in the specifications for said position and as may be approved by the Board as of the Effective Date, and as such specifications may, from time to time, be amended by the Board.

Subject to the District's right to terminate this Agreement and General Manager's employment at any time pursuant to Section XII of this Agreement, this Agreement shall automatically be renewed for subsequent one (1) year periods, unless the Board provides written notice to the General Manager no less than ninety (90) days prior to the expiration of the current term or an extended term that the Agreement will be terminated

- VI. COMPENSATION: The General Manager is to be paid at an annual sum of \$159,650.00 for fulfilling the duties described herein, accruing neither overtime nor compensatory time, payable in accordance with the District's standard payroll procedures, subject to the following adjustments:
- a. Each year, pursuant to Sections X and XI of this Agreement, the Board of Directors shall review the General Manager's performance and based upon performance of the duties and meeting or exceeding the agreed upon performance objectives determine if a merit-based salary or other salary and/or benefit increase, including any cost of living based increase, is warranted and act accordingly. Any such increases, including cost of living based increases, will be subject to a written amendment to this Agreement.
- VII. HOURS OF WORK: The regular business hours of the District are 8:00 AM to 5:00 PM. It is recognized that the General Manager must devote a great deal of time outside the normal hours of business for the District, and to that end the General Manager shall be allowed to establish an appropriate work schedule. The schedule shall be appropriate to the needs of the District and shall allow General Manager to faithfully perform the assigned duties and responsibilities. General Manager shall maintain a continuous presence or means of communication with District staff at all times, either in person or via telephone, cell phone, or e-mail. When unavailable, General Manager shall ensure that duties have

been properly and appropriately delegated to qualified District staff. If District is unable to contact General Manager in a reasonable time for reasons beyond the General Manager's control such as on-duty or off-duty air travel, General Manager's presence in areas without cellular phone service, email access, international travel or other similar circumstances, General Manager's inability to maintain continuous availability shall not be considered a breach of this Agreement or grounds for termination for cause.

VIII. BENEFITS: The General Manager shall be afforded the following benefits package:

The General Manager shall receive and accrue the same group insurance, retirement, vacation, holiday, sick leave, and other benefits in accordance with District's personnel rules and regulations, as these may be amended from time to time, except as these benefits may be modified in this Section VIII.

- a. The General Manager shall receive fifteen (15) days' vacation and accrue 6.15 hours of paid vacation per two-week pay period. The vacation provided herein shall not modify District retirement service time or other benefit categories as provided for in the District's personnel rules and regulations, as these may be amended from time to time.
- b. The General Manager shall receive ten (10) days Administrative Leave and will expire at the end of each year and not carry over to the following year. Unused Administrative leave will have no cash value to the employee. A year is defined as a calendar year.
- c. The General Manager shall accrue sick leave at a rate of 3.69 days per two-week pay period.
- d. The General Manager shall be entitled to holiday pay for those holidays recognized by the District which occur during the term of this Agreement.
- e. The General Manager shall continue to be enrolled in CalPERS retirement benefits at the miscellaneous PEPR 2.0% @ 62 formula.
- f. In lieu of reimbursement for the use of a personal mobile telephone or similar device, the District shall provide a District-owned mobile telephone or similar device with an appropriate access plan to ensure General Manager's accessibility and availability pursuant to this Agreement.
- g. The General Manager shall receive a Health Reimbursement Arrangement (HRA) account with monthly contributions of \$1,138.25 starting May 5th 2026, and the amount to increase 5% each May 5th anniversary of this agreement funded by the District. The HRA is provided in lieu of the District's current retiree medical benefit program that requires fifteen (15) years of service. This HRA removes the GM from the District's GASB OPEB cost and the monthly contribution amount represents half of the District's OPEB savings. Funds contributed to the HRA are immediately vested and can reimburse qualified premium expenses upon the General Manager's retirement from the District.

IX. GENERAL BUSINESS EXPENSES:

- a. Subject to prior approval of the specific dues, subscriptions and memberships by the Board of Directors, the District agrees to pay for professional dues and subscriptions of the General Manager as may be necessary for professional development, membership and participation in regional, state, and local associations, and organizations necessary and desirable for the General Manager's continued professional participation, growth, and advancement, and for the good of the District.

- b. Subject to the funds approved and available in the District's travel budget, the District agrees to pay for travel and subsistence expenses (alcoholic beverages excluded) of General Manager for professional and official travel, meetings, short courses, institutes, seminars and occasions to regional, state, and local governmental groups and committees in which General Manager serves as a member to adequately continue the professional development of General Manager and to pursue necessary official functions for the District.
- c. Subject to approved budget allocation, any additional expenses incurred while performing District business, excluding mileage and mobile phone expenses, will be reimbursed in accordance with District policy.
- d. The District shall bear the full cost of any fidelity or other bonds required of the General Manager under any law or ordinance.

X. PERFORMANCE OBJECTIVES: The General Manager shall meet annually with the Board by the anniversary of the Effective Date of this Agreement to identify the District's and General Manager's performance objectives for the following year. Said performance objectives shall be proposed by the General Manager in writing and submitted to the Board for approval. If the Board does not approve said performance objectives, they shall establish reasonable performance objectives following consultation with the General Manager. The performance objectives shall be consistent with Board policy and the duties and responsibilities set forth in this Agreement. The Board reserves the right to evaluate the General Manager's performance at any other time as it may, in its sole discretion, determine.

XI. EVALUATION: The Board shall initially evaluate the performance of the General Manager at approximately six (6) months from appointment and, then again, on or before the first anniversary of the Effective Date of this Agreement, and annually thereafter. The evaluation shall be based on the duties and agreed upon performance objectives. In its discretion, the Board of Directors may, following the first annual evaluation pursuant to this Agreement and consistent with Section VI.a., consider modification to the compensation or benefits provided herein.

Failure of the Board to complete the evaluation process shall preclude the Board from giving notice of termination in accordance with Section XII of this Agreement.

XII. TERMINATION AND DISMISSAL: The General Manager shall serve at the will and pleasure of the District Board of Directors and may be terminated at any time, with or without cause. Nothing in this Agreement shall be construed to prevent the District, in its sole discretion, from terminating this Agreement and the services of the General Manager. The following provisions shall apply to termination and dismissal:

- a. The Board of Directors shall have the right to discharge the General Manager and terminate this Agreement for cause **in** the event of:
  - (i) any willful breach of duty of this Agreement by the General Manager in the course of the employment;

- (ii) the General Manager's habitual neglect of or failure to perform the duties as outlined in this Agreement;
- (iii) conviction of a felony or a crime involving moral turpitude. In the event of the General Manager's termination for cause, the General Manager shall not be entitled to any severance pay or continuation of health benefits; or the death of the General Manager.

The General Manager may terminate this Agreement at any time upon sixty (60) days written notice to the Board of Directors. In the event that the General Manager should exercise the option to terminate this Agreement (resign from District employment), the General Manager shall not be entitled to any severance pay or continuation of health benefits, except as may apply in the event General Manager retires from the District.

This Agreement, the General Manager's employment, and the District's obligations to compensate the General Manager, excepting benefits which are specifically identified to continue into retirement, shall cease on the effective date of General Manager's termination.

The District's most current personnel rules and regulations shall apply except for those express provisions outlined in this Agreement which shall supersede the District's personnel rules and regulations.

- XIII. APPLICABLE LAW: This Agreement shall be constructed in accordance with and governed by the laws of the State of California. Should any provision of this Agreement be determined by a court of competent jurisdiction to be invalid, the remainder of this Agreement shall nevertheless be binding and effective.

Upon the expiration or termination of this Agreement, the General Manager shall not be entitled to any severance pay or continuation of health benefits, except those limited to the provision of COBRA benefits or benefits provided as a retiree of the District.

- XIV. ENTIRE AGREEMENT: This Agreement constitutes the entire Agreement between the District and the General Manager and supersedes all prior agreements respecting the same subject, provided however, that all practices as described in the District's personnel rules and regulations, as they now exist or may hereafter be amended shall apply to the General Manager, unless contrary to specific provisions of this Agreement.

Each party agrees and acknowledges that no representations, inducements, promises or agreements, orally or otherwise, have been made by any party, or any one acting on behalf of any party, which are not included herein and that any agreement, statement, or promise not contained in this Agreement shall not be valid or binding on either party.

- XV. WAIVER OF RIGHTS: Any waiver at any time by either party hereto of its rights with respect to a breach or default, or any other matter arising in connection with this Agreement, shall not be deemed to be a waiver with respect to any other breach, default, or matter.
- XVI. REMEDIES NOT EXCLUSIVE: Except as otherwise provided herein, the use by either party of any remedies specified herein for the enforcement of this Agreement is not exclusive and shall not deprive the party using such remedy of, or limit the application of, any other remedy provided by law.

HEADINGS: Paragraph headings and titles of attachments as used herein are for convenience only and shall not be deemed to alter or modify the provisions of the paragraph headed thereby.

- XVII. INTERPRETATION: The parties acknowledge that each party has reviewed, negotiated, and had an opportunity to discuss with counsel this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any document executed and delivered by any party in connection with transactions contemplated by this Agreement.
- XVIII. WORKER'S COMPENSATION: Pursuant to the State of California Labor Code, Section 3700, et seq., the District shall secure workers' compensation insurance for the General Manager.
- XIX. INDEMNIFICATION: District shall provide for the defense of the General Manager in any action or proceedings alleging an act or omission within the scope of employment of the General Manager in conformance with State law (Government Code Sections 995, et seq.). In addition, any funds provided by the District for the legal criminal defense of Employee shall be fully reimbursed to the District by the General Manager if the General Manager is convicted of a crime involving an abuse of the office or position as required under Government Code Section 53243.1.
- XX. AMENDMENTS: Any modifications of this Agreement will be effective only if in writing and signed by both the General Manager and the District.
- XXI. NOTICE: Any notices required or permitted pursuant to this Agreement shall be given in person or by certified or registered mail, addressed as follows:
- |                     |  |
|---------------------|--|
| To District:        | President of the Board of Directors<br>Hidden Valley Lake Community Services District<br>19400 Hartmann Rd<br>Hidden Valley Lake, CA 95467 |
| To General Manager: | Paul L. Kelley<br>791 Pordon Lane<br>Healdsburg, CA 95448  |
- XXII. COUNTERPARTS; ELECTRONIC SIGNATURES: This Agreement may be executed in several counterparts, each of which shall be deemed an original and all of which shall constitute one and the same instrument and shall become effective when counterparts have been signed by each of the parties and delivered to the other parties; it being understood that all parties need not sign the same counterparts. The exchange of copies of this Agreement and of signature pages by facsimile transmission, by electronic mail in "portable document format" (".pdf") form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, or by combination of such means, shall constitute effective execution and delivery of this Agreement as to the parties and may be used in lieu of the original Agreement for all purposes. Signatures of



## EXHIBIT "A"

### DUTIES AND OBLIGATIONS OF THE GENERAL MANAGER

The General Manager shall perform essential functions and responsibilities and duties that may include, but not be limited to, the following:

Provide overall executive direction of day-to-day and long-term operations and activities of the District, organizing and assigning responsibilities, and directing and overseeing the management provided by subordinate managers.

Provide direction on the design, construction, operation, and maintenance of all planned or proposed District facilities and activities.

Within guidelines established by the Board, direct the establishment of overall strategic plans, long-term goals, and objectives.

Keep the Board of Directors advised of District activities and laws, issues, or problems that may affect District operations.

Review and implement policies adopted by the Board and make appropriate recommendations to the Board.

Represent the Board of Directors and the District in contacts with various federal, state, and local government agencies, community groups and businesses, and other professional organizations.

Negotiate a variety of contracts and agreements on the District's behalf in accordance with Board policy, direction, or delegation.

- Oversee preparation and implementation of the annual District budget.
- Monitor and implement all personnel rules and regulations in accordance with applicable laws and regulations and effectively manage the District's employees to best serve the District.

Respond to and resolve difficult and sensitive customer inquiries and complaints.

Maintain and improve professional proficiencies.

Engage in ongoing professional development activities. These activities may include, but are not limited to, attending relevant industry conferences, workshops, seminars, and training sessions.