

FIFTH AMENDMENT TO EMPLOYMENT AGREEMENT

This FIFTH AMENDMENT TO EMPLOYMENT AGREEMENT is entered into as of the 1st day of July, 2026, by and between THREE VALLEYS MUNICIPAL WATER DISTRICT, a municipal water district organized and operating pursuant to California Water Code Section 71000 et seq. (“DISTRICT”), and MATTHEW H. LITCHFIELD, an individual (“EMPLOYEE”).

R E C I T A L S

A. On or about July 1, 2021, the DISTRICT and EMPLOYEE entered into an Employment Agreement (“Agreement”) which sets forth the terms and conditions under which the DISTRICT would employ EMPLOYEE to serve as the DISTRICT’s General Manager.

B. On or about July 1, 2022, the DISTRICT and EMPLOYEE entered into a First Amendment to Employment Agreement which revised various terms and conditions contained in the Agreement.

C. On or about July 1, 2023, the DISTRICT and EMPLOYEE entered into a Second Amendment to Employment Agreement which revised various terms and conditions contained in the Agreement.

D. On or about July 1, 2024, the DISTRICT and EMPLOYEE entered into a Third Amendment to Employment Agreement which revised various terms and conditions contained in the Agreement.

E. On or about July 1, 2025, the DISTRICT and EMPLOYEE entered into a Fourth Amendment to Employment Agreement which revised various terms and conditions contained in the Agreement.

F. EMPLOYEE and the DISTRICT’s Board of Directors (“BOARD”) wish to further amend the Agreement in the manner set forth herein effective July 1, 2026.

C O V E N A N T S

NOW THEREFORE, in consideration of the preceding Recitals and the mutual Covenants contained herein, the BOARD and EMPLOYEE agree as follows:

Section 1. REMOVAL OF EVERGREEN EXTENSION. Pursuant to Subparagraph 11(a) of the Agreement, Paragraph 5 of the Agreement is hereby amended as of July 1, 2026, to provide in full as follows:

“Term of Employment. Subject to negotiated extension or earlier expiration or termination as provided for in this Agreement, EMPLOYEE shall be employed by the DISTRICT for a period beginning on the effective date of this Agreement and terminating on June 30, 2031 (“Term Date”).”

Section 2. SALARY ADJUSTMENT. Pursuant to Subparagraph 11(a) of the Agreement, Paragraph 6 of the Agreement is hereby amended as of July 1, 2026, to provide in full as follows:

“Compensation. Beginning July 1, 2026, the DISTRICT shall pay to EMPLOYEE an annual Base Salary in the amount of \$376,826.00. Thereafter until the Term Date, EMPLOYEE shall receive a Cost of Living Adjustment (“COLA”) to base salary equal to the annual COLA percentage approved by the BOARD for DISTRICT staff. The annual COLA adjustment shall be subject to a minimum increase of two percent (2%) and a maximum increase of four percent (4%) in any fiscal year, regardless of the COLA percentage approved by the BOARD. Any COLA adjustment granted pursuant to this section shall be applied to EMPLOYEE’s Base Salary and shall become effective on the same date as the COLA approved for DISTRICT staff. In addition to any COLA provided pursuant to this Agreement, the BOARD may, in its sole discretion, annually evaluate EMPLOYEE’s performance and consider the award of additional performance-based compensation. Any such performance-based compensation shall be determined by the BOARD and may be provided in the form of a DISTRICT contribution to EMPLOYEE’s 401A Plan, an adjustment to EMPLOYEE’s Base Salary, a one-time bonus, deferred compensation contribution, or such other form of compensation as the BOARD deems appropriate. Nothing contained herein shall obligate the BOARD to provide any additional performance-based compensation in any fiscal year. Any award granted pursuant to this section shall be based upon the BOARD’s evaluation of EMPLOYEE’s performance and shall be subject to approval by the BOARD. Should this Agreement be terminated on a date other than the first day of a month, the Base Salary compensation shall be further prorated for that month.”

Section 3. BENEFITS. Pursuant to Subparagraph 11(a) of the Agreement, Subparagraph 7(d) of the Agreement is hereby added to the Agreement as of July 1, 2026, to provide in full as follows:

“Retiree Health Benefit Enhancement. Upon EMPLOYEE’s retirement from the DISTRICT, or separation from employment without cause, the DISTRICT shall pay the applicable Premium Contribution Percentage set forth in the schedule below toward the premiums for the lowest-cost PPO medical plan offered by the DISTRICT, including any successor Medicare Advantage PPO plan offered through the DISTRICT’s retiree health program, and toward the premiums for the PPO dental and vision plans offered by the DISTRICT, for EMPLOYEE and EMPLOYEE’s eligible spouse. Upon EMPLOYEE’s and/or EMPLOYEE’s eligible spouse’s eligibility for Medicare and enrollment in the DISTRICT’s Medicare Advantage PPO plan, the DISTRICT shall also pay or reimburse the same Premium Contribution Percentage toward EMPLOYEE’s and EMPLOYEE’s eligible spouse’s Medicare Part B premiums, and any Medicare Part A premiums if required. In the event of EMPLOYEE’s death following retirement or separation without cause, EMPLOYEE’s eligible spouse shall remain eligible to receive the retiree health benefits provided under this Agreement, including medical, dental, vision, and applicable Medicare premium reimbursement benefits, at the same Premium Contribution Percentage set forth in the schedule below, subject to the terms and conditions of the DISTRICT’s retiree health benefit program then in effect. The Premium Contribution Percentage set forth in the schedule below shall apply uniformly to medical, dental, vision, Medicare Part A premiums (if applicable), and Medicare Part B premiums provided under this Agreement. Nothing herein shall obligate the DISTRICT to maintain any specific carrier, plan design, coverage level, or benefit structure. The DISTRICT’s obligation shall be limited to payment of the applicable Premium Contribution Percentage of the lowest-cost PPO medical premium, including any applicable Medicare Advantage PPO plan, and the PPO dental and vision premiums then offered by the DISTRICT. Notwithstanding the foregoing, in the event EMPLOYEE’s employment is terminated for cause, EMPLOYEE shall forfeit the enhanced retiree health benefits provided in the schedule below.

RETIREE HEALTH PREMIUM CONTRIBUTION SCHEDULE

<u>Retirement on or after</u>	<u>Premium Contribution Percentage</u>
July 1, 2026	60%
July 1, 2027	70%
July 1, 2028	80%
July 1, 2029	90%
July 1, 2030	100%

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Section 4. PERFORMANCE EVALUATION. Pursuant to Subparagraph 11(a) of the Agreement, Paragraph 9 of the Agreement is hereby deleted in its entirety as of July 1, 2026.

Section 5. STATUS OF AGREEMENT. Except as expressly set forth herein, all other

provisions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the BOARD and EMPLOYEE have caused this Fifth Amendment to Employment Agreement to be executed by their respective officers as of the date first written above.

DISTRICT

By: 

President, Board of Directors
Three Valleys Municipal Water District

EMPLOYEE

By: 

Matthew H. Litchfield