

**WEST SOUND UTILITY DISTRICT
RESOLUTION 609-16**

**A RESOLUTION OF THE
WEST SOUND UTILITY DISTRICT BOARD OF COMMISSIONERS
APPROVING THE GENERAL MANAGER'S EMPLOYMENT
AGREEMENT**

WHEREAS, Michael Wilson was hired on June 1, 2011, by West Sound Utility District to work as the District's General Manager; and

WHEREAS, Mr. Wilson's current employment agreement is schedule to terminate on June 30, 2016; and

WHEREAS, it is the desire of the District to extend Mr. Wilson's services as General Manager and his employment agreement; and

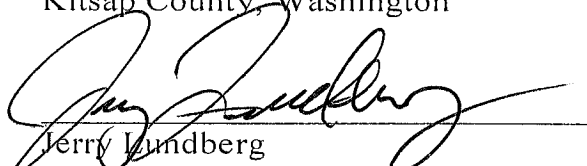
WHEREAS, in order to accomplish the District's interests, a new employment agreement for Mr. Wilson has been prepared for the Board of Commissioners approval; NOW, THEREFORE,

THE BOARD OF COMMISSIONERS OF WEST SOUND UTILITY DISTRICT HEREBY RESOLVES:

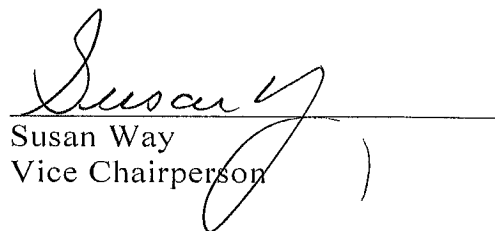
Section 1. West Sound Utility District hereby approves the employment agreement for Michael Wilson (Exhibit "A").

APPROVED and ADOPTED by the Board of Commissioners of West Sound Utility District at a Board meeting scheduled on June 20, 2016.

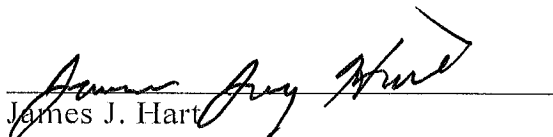
WEST SOUND UTILITY DISTRICT
Kitsap County, Washington



Jerry Lundberg
Chairperson



Susan Way
Vice Chairperson



James J. Hart
Secretary

GENERAL MANAGER EMPLOYMENT AGREEMENT

THIS AGREEMENT is entered into on this 21st day of June, 2016, by and between the West Sound Utility District, a municipal corporation (hereinafter referred to as "District") and Michael R. Wilson (hereinafter referred to as "Mr. Wilson).

WHEREAS, the District and Mr. Wilson entered into an additional one-year employment agreement on June 22, 2015, for Mr. Wilson to serve as the District's General Manager, with a termination date of June 30, 2016; and

WHEREAS, it is the desire of the District to: 1) continue to retain and secure the services of Mr. Wilson as General Manager for the District and provide incentive for him to remain in such employment, 2) ensure Mr. Wilson's peace of mind with respect to future security, 3) act as a deterrent against malfeasance or dishonesty for personal gain on the part of Mr. Wilson, and 4) provide a just means for termination of Mr. Wilson's services at such time as he may be unable to fully discharge his duties or when the District Commissioners desire to terminate his employment for cause; and

WHEREAS, it is the desire of the District's Board of Commissioners (Board) to provide Mr. Wilson with certain benefits, establish certain conditions of employment, and set working conditions of the District; and

WHEREAS, Mr. Wilson desires to continue his employment as General Manager of the District; and

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the District and Mr. Wilson agree as follows:

Section 1. Continuation of Employment

The District hereby agrees to continue the employment of Mr. Wilson as General Manager and the District hereby agrees to accept such employment in accordance with the terms and conditions of this Agreement as hereinafter set forth and shall continue such work for the District. As a result, the employment agreement executed on June 22, 2015, shall expire on the date of this Agreement's execution.

Section 2. Duties

Mr. Wilson shall perform the duties of General Manager as specified in Exhibit "A" of this Agreement and as set forth in the Personnel Regulations of the District, and perform other legally permissible and proper duties and functions as the District Commissioners shall from time to time assign.

Section 3. Term

The term of this Agreement shall commence effective July 1, 2016, and terminate on June 30, 2017. Nothing in this Agreement shall prevent, limit or otherwise interfere with the

right of the Board to terminate the service of Mr. Wilson at any time, subject to the provisions of this Agreement.

Section 4. Termination and Severance Pay

A. Termination "Without Cause"

In the event Mr. Wilson is terminated by the District for any reason other than "for cause" during such time that Mr. Wilson is willing and able to perform his duties under this Agreement, then in such event the District agrees to pay Mr. Wilson a lump sum cash payment equal to six (6) months of pay and deferred compensation, or in the alternative, provide Mr. Wilson six (6) months written notice of termination of employment. In consideration of such payment and ongoing benefits, Mr. Wilson agrees to execute a release of all claims he has or may have against the District, its elected or appointed officers, employees or agents, for any claim(s) arising out of his employment or his termination of employment with the District.

B. Termination "For Cause"

The District shall have no obligation to pay the aggregate severance sum designated above in the event the employment of Mr. Wilson with the District is terminated "for cause". The term "for cause" shall mean any of the following: 1) conviction of a felony, 2) conviction of any misdemeanor involving moral turpitude, 3) any act of theft, 4) any dishonest or disgraceful conduct which would tend to substantially diminish his reputation in the community, or legally prohibited prejudicial conduct, 5) unsatisfactory or incompetent performance of his duties as General Manager based on performance evaluations conducted by the District, 6) mental or physical disability which prevents him from effectively performing his duties as General Manager for a period of sixty (60) days or more without prior Board approval, 7) any conduct which would tend to substantially injure the reputation of the District, and/or 8) dereliction of his duties as General Manager.

C. Termination by Mr. Wilson

In the event Mr. Wilson voluntarily resigns this position with the District, Mr. Wilson shall give the District a minimum sixty (60) days written notice in advance of departure from the District, unless the parties otherwise agree. In the event Mr. Wilson leaves employment prior to the end of the sixty (60) day notice period, Mr. Wilson shall forfeit one day of accrued sick leave for each day of early departure. Upon and after the date Mr. Wilson voluntarily terminates his work with the District, his salary and work benefits shall cease.

Section 5. Disability

If Mr. Wilson is disabled or otherwise unable to perform his duties because of sickness, accident, injury, mental incapacity or health for a period of four consecutive weeks beyond any accrued sick leave, or thirty (30) working days over a forty five (45) working day period, the District shall have the option to terminate this Agreement. Mr. Wilson shall be compensated for accrued sick leave, vacations, holiday, and other accrued benefits in accordance with the provisions of the Personnel Regulations of the District that are provided for in this Agreement.

Section 6. Compensation

Mr. Wilson's current salary in accordance with the terms of the June 22, 2015, employment agreement is \$11,500/month. Commencing on July 1, ~~2015~~ 2016, the District agrees to continue to compensate Mr. Wilson for his services at a monthly base salary of \$11,500. In addition, the District shall compensate Mr. Wilson ~~\$950~~ \$1,300 per month (this sum was calculated to cover his medical insurance and expenses) which will be paid into Mr. Wilson's Department of Retirement Systems (DRS) deferred compensation account. Mr. Wilson shall not be eligible for or receive any annual cost-of-living increases. In the event the Board determines at any time that Mr. Wilson has performed at a level that exceeds their expectations, the Board may provide Mr. Wilson with additional compensation in the form of performance compensation.

Section 7. Performance Evaluation

The Board shall review and evaluate the performance of Mr. Wilson at least once annually. Such performance evaluation shall be prepared in written form and in accordance with specific criteria developed jointly by the Board and Mr. Wilson.

Section 8. Hours of Work

Mr. Wilson's work schedule shall be a minimum of forty (40) hours per week. Mr. Wilson is an exempt employee under the terms of the Fair Labor Standards Act and he shall not be compensated for overtime work.

Section 9. Vacation, Holidays, Sick Leave, Other Benefits

- A. Mr. Wilson shall continue to be provided 2.5 days of vacation per month of employment. Mr. Wilson shall be allowed to carry over into each calendar year up to forty five (45) days of vacation leave. Upon termination of employment, the District shall compensate Mr. Wilson for all unused vacation leave.
- B. Mr. Wilson shall continue to be provided one (1) day of sick leave per month of employment. Mr. Wilson shall not accrue more than 120 days of sick leave. In the event Mr. Wilson shall retire or die while employed by the District, he or his beneficiary shall be compensated for fifty percent (50%) of his accrued sick leave.
- C. The District shall provide Mr. Wilson with and pay for those holidays the District recognizes as paid holidays for all exempt District employees.
- D. Mr. Wilson shall also receive all other benefits provided to other District employees as set forth in the District's personnel policies.

Section 10. Medical Benefits

The District shall not provide Mr. Wilson with health care insurance. Mr. Wilson shall be responsible for securing his own insurance.

Section 11. Retirement

The District shall pay the employer's contribution of Mr. Wilson's federal social security premiums. The District shall contribute into the Washington State PERS I retirement system in the amount employer's contribute into the PERS I retirement system as set forth by the State of Washington (effective July 1, 2016, employer's contribution rate is 11.18%).

Section 13. Cell Phone

Mr. Wilson shall be responsible for providing his own cell phone for District business use. Mr. Wilson will not be compensated by the District for any cell phone purchase and monthly service costs.

Section 14. District Vehicle

Mr. Wilson shall be provided a District vehicle which shall be used only for official business and work commuting, except it is recognized it may be necessary for him to use the vehicle for isolated and incidental personal usage from time to time.

Section 13. Professional Development, Travel and Dues

The District agrees to budget and pay for the professional dues of Mr. Wilson necessary for his participation in the Washington Association of Sewer and Water Districts (WASWD), Washington City/County Management Association (WCMA) and International City/County Management Association (ICMA) and maintain his ICMA credentialed manager's certification. The District agrees to budget and pay for travel and subsistence expenses of Mr. Wilson for professional and official travel, meetings and occasions adequate to continue professional development of Mr. Wilson, including attendance at the WASWD, WCMA and ICMA's conferences. Attendance at conferences shall be at the convenience of the District and upon approval of the Board.

Section 14. Indemnification

The District shall bear the full cost of any fidelity or other bonds required of Mr. Wilson under any law or ordinance and provide professional liability insurance to cover actions taken by Mr. Wilson during the course and scope of his employment.

Section 15. General Provisions

- A. Mr. Wilson agrees that his position is a managerial position and acknowledges that he will occupy a position of confidentiality involving personnel, labor relations and legal matters.
- B. Mr. Wilson shall perform his duties as the District's General Manager to the highest standards of conduct by adhering to the ICMA's Code of Ethics.
- C. Mr. Wilson shall be permitted to perform other work on his time off (such as consulting or teaching) provided such work does not conflict or interfere with his

employment with the District, does not exceed more than 10 (ten) hours per week, and receive prior Board approval.

- D. Mr. Wilson shall be permitted to serve on any appointed or volunteer board and commission, provided such appointment does not interfere with his duties as General Manager and is not a violation of the ICMA's Code of Ethics.
- E. If any provision of this Agreement is held to be in violation of the law or otherwise invalid for any reason, or should any portion of this Agreement be pre-empted by state or federal law or regulation, such decision or pre-emption shall not affect the validity of the remaining portions of the Agreement or its application.
- F. The parties further agree that this Agreement cannot be amended or modified without the written concurrence of both parties.

Section 16. Notice

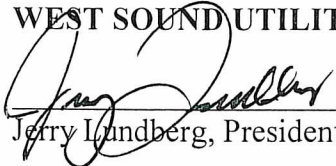
Any notices required to be given by the District to Mr. Wilson or by Mr. Wilson to the District shall be delivered to the following parties at the following addresses:

Board of Commissioners
West Sound Utility District
2924 SE Lund Ave.
Port Orchard, WA 98366

Michael R. Wilson
5816 18th St. Ct. NW
Gig Harbor, WA 98335


Any notice may be either delivered personally to the addressee of the notice or may be deposited in the United States mail to the address set forth above. Any notice so posted in the United States mail shall be deemed received three (3) days after the mailing.

WEST SOUND UTILITY DISTRICT



Jerry Lundberg, President

GENERAL MANAGER



Michael R. Wilson

Approved as to Form:

District's Attorney