

STRATEGIC OPERATIONS DIRECTOR EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (“Agreement”) is made and entered into this 1st day of July 2021, by and between the California Electronic Recording Transaction Network Authority (“CERTNA”), a California Joint Powers Authority (JPA) and Richard Sherman, an individual (“Employee”). CERTNA and Employee may individually be referred to herein as “Party” or collectively as “Parties.” There are no other parties to this Agreement.

RECITALS

- A. CERTNA requires the services of a person with proven leadership, administrative qualifications, and knowledge and understanding of California’s e-recording rules and regulations to fill the position of CERTNA Strategic Operations Director.
- B. CERTNA, acting by and through the CERTNA JPA has evaluated Employee’s knowledge, experience, administrative skills and abilities and desires to hire and appoint Employee as CERTNA Strategic Operations Director pursuant to the terms of this Agreement.
- C. The Parties desire to execute this Agreement pursuant to the authority of and subject to the provisions of California Government Code sections 53260 *et seq.*

NOW, THEREFORE, in consideration of the mutual covenants entered into between the Parties and in consideration of the benefits that accrue to each, and superseding any previous agreements, express or implied, it is agreed as follows:

AGREEMENT

Section 1. Recitals. The recitals set forth above (“Recitals”) are incorporated herein by this reference and made a part of this Agreement. In the event of any inconsistencies between the Recitals and Sections 1 through 15 of this Agreement, Sections 1 through 15 will prevail.

Section 2. Effective Date. This Agreement shall become effective once executed by both CERTNA and Employee (“Effective Date”).

Section 3. Appointment of CERTNA Strategic Operations Director, Duties and Term.

3.1. Appointment of CERTNA Strategic Operations Director and Duties. Employee shall serve as Strategic Operations Director of CERTNA and shall be vested with the powers, duties, and responsibilities set forth in the CERTNA Strategic Operations Director Job Description and Duty Statement attached herein as **Exhibit A**, the Electronic Recording Delivery Act (ERDA) of 2004 and under California law. Employee shall further perform the functions and duties specified under the Job Description and Duty Statement, the resolutions of CERTNA, and such other duties and functions as the CERTNA Board of Directors (“Board”) may from time-to-time assign to Employee.

3.2. No Secondary Employment. Employee agrees to devote all of their productive time, ability and attention to CERTNA's business. During the Term, as defined in Section 3.5 of this Agreement, Employee shall not hold secondary employment and shall be employed exclusively by CERTNA, subject to any exceptions approved in writing by the CERTNA Board; however, Employee has the right to volunteer for such nonprofit organizations as Employee may see fit provided that such volunteer services shall not interfere with Employee's duties on behalf of CERTNA.

3.3. Exempt Employee. Employee is an exempt employee for purposes of the Fair Labor Standards Act of 1938 (29 U.S.C., § 201 et seq.). As such, Employee shall not receive overtime or extra compensation for hours worked outside of CERTNA's general business hours which are necessary to fulfill the duties of the CERTNA Strategic Operations Director's position, unless otherwise provided in this Agreement.

3.4. Hours of Work. The CERTNA Strategic Operations Director is an exempt employee and, as such, is expected to engage in those hours of work that are necessary to fulfill the obligations of the Strategic Operations Director position. Employee does not have set hours of work and is expected to be reasonably available at all times to the Board.

It is recognized that Employee must devote additional time outside normal office hours to the business of CERTNA, and to that end, Employee's schedule of work each day and week shall vary in accordance with the work required to be performed. Employee's performance will be evaluated on accomplishments, not hours worked.

3.5 Term. The term of this Agreement shall be for three (3) years from the Effective Date ("Term"), subject to the provisions of Section 11 of this Agreement and may be renewed upon written agreement of CERTNA and Employee. CERTNA will provide written notice to Employee no less than six (6) months prior to the expiration of the term of its intent to renew this agreement.

Section 4. At-Will Employment.

4.1. At Will. Employee is an at-will employee serving at the pleasure of the CERTNA Board of Directors. Accordingly, the CERTNA Board may terminate Employee's employment at any time, without notice, with or without cause by a majority vote of the CERTNA Board. Only if Employee is terminated by CERTNA without good cause, as defined in Section 11.4 of this Agreement, shall Employee be entitled to a severance.

Unless otherwise specified in this Agreement, Employee shall be bound by all the policies, rules and regulations of CERTNA now in force and effect applicable to Employee's position, and by all such other applicable policies, rules and regulations as may be hereafter implemented and called to Employee's notice and will faithfully observe and abide by the same. No such policy, rule or regulation shall alter, modify or revoke Employee's status as an at-will employee or any other provision of this Agreement.

4.2. No Property Right in Employment. Employee understands and agrees that the terms of employment are governed solely by this Agreement. Employee further understands and

agrees that this Agreement does not confer a right of employment for any specified term and that Employee is not entitled to full constitutional due process for any disciplinary action, up to and including termination.

Section 5. Compensation and Evaluations.

5.1. Base Salary. CERTNA agrees to pay Employee an annual salary of One Hundred Seventy-Five Thousand Dollars and zero cents. (\$175,000) (“Base Salary”), payable in installments through a CERTNA-authorized payroll provider. Effective the first full pay period following July 1, 2022, Employee’s Base Salary shall be increased by three percent (3%) to One Hundred Eighty Thousand Two Hundred Fifty Dollars (\$180,250.00). Effective the first full pay period following July 1, 2023, Employee’s Base Salary shall be increased by three percent (3%) to One Hundred Eighty-Five Thousand Six Hundred Fifty-Seven Dollars and Fifty Cents (\$185,657.50).

5.2. Review and Evaluation. The CERTNA Board will review and evaluate Employee’s performance of duties as CERTNA Strategic Operations Director pursuant to the terms of this Agreement (“Review and Evaluation”) on not less than an annual basis, and to provide Employee with a written performance review. The annual Review and Evaluation shall generally be conducted in (July) of each year, or at the CERTNA Board’s discretion.

5.3. Benefits. During the Term of this Agreement, Employee shall be entitled to receive the benefits identified in the Schedule of Benefits attached herein as **Exhibit B**.

Section 6. Automobile.

6.1 Employee shall receive mileage reimbursement monthly for use of personal vehicle per the IRS rate during employment so that Employee may procure or use a vehicle Employee owns while engaged in CERTNA business and CERTNA-related business, such as conferences and meetings, and travel to and from Employee’s private residence. Employee shall be responsible for paying the cost of liability, property damage, and comprehensive insurance, and for the purchase of, operation, maintenance, repairs and replacement of said automobile.

6.2 Strategic Operations Director will use Employee’s personal vehicle for travel related to CERTNA business and CERTNA-related business, such as conferences and meetings. If travel is too far to be reasonably accomplished by vehicle travel in Strategic Operations Director’s discretion, CERTNA will reimburse or pay for Strategic Operations Director’s air travel, hotel cost (if any), rental car cost and for meals and incidentals using the current allowable IRS rates.

Section 7. General Expenses. CERTNA recognizes that certain job-related expenses will be incurred by Strategic Operations Director, and CERTNA hereby agrees to reimburse or to pay said general expenses in accordance with CERTNA policies. Employee shall submit a summary of reimbursable expenses on a monthly basis to the Board Chair for approval and shall keep all receipts and other documentation of expenses on file. CERTNA-authorized payroll provider is

hereby authorized to disburse such monies upon receipt of duly executed invoices, petty cash vouchers, receipts, statements, or other appropriate documentation.

Section 8. Cell Phone. CERTNA shall provide Strategic Operations Director with a cellular telephone to be used for CERTNA business. Strategic Operations Director shall have no reasonable expectation of privacy in the cellular telephone issued by CERTNA.

Section 9. Dues and Subscriptions. CERTNA agrees to budget and pay for the professional dues and subscriptions of CERTNA Strategic Operations Director, as needed for the continuation and full participation in associations and organizations necessary and desirable for its continued professional participation, growth, and advancement, and for the good of CERTNA, including, but not limited to, Property Records Industry Association (PRIA) or other associations and organizations as submitted by the Strategic Operations Director and approved by the Board Chair.

Section 10. Professional Development.

10.1. Travel Expenses. CERTNA hereby agrees to budget and pay for travel and subsistence expenses of Strategic Operations Director for professional and official travel, meetings, and occasions adequate to continue the professional development of Strategic Operations Director and to adequately pursue necessary official and other functions for CERTNA.

10.2. Courses and Seminars. CERTNA also agrees to budget and to pay up to a total of two thousand dollars (\$2,000.00) per year to cover costs for enrollment, tuition, fees travel and subsistence expenses of Strategic Operations Director for short courses, institutes and seminars that are necessary for Employee's professional development and for the good of CERTNA. Strategic Operations Director shall submit suggestions to the Board for such training subject to Board approval.

Section 11. Termination of Employment and Severance.

11.1. Voluntary Resignation. Employee may resign at any time and agrees to give CERTNA at least thirty (30) calendar days advance written notice of the effective date of the resignation, unless the Parties otherwise agree in writing. If the Employee retires from full-time CERTNA, the Employee shall provide ninety (90) calendar days advance written notice. During the notice period, all rights and obligations of the Parties under this Agreement shall remain in full force and effect. Promptly after the effective date of resignation or retirement, CERTNA shall pay to Employee all salary and benefit amounts both accrued and owing under this Agreement. In the event of voluntary resignation or retirement, Employee shall not be entitled to severance as set forth in Section 11.4 of this Agreement.

11.2. Termination by CERTNA Board. CERTNA may, with or without cause or prior notice, terminate this Agreement and Employee's employment with CERTNA. Employee shall be given written notice setting forth the reasons for such termination. If Employee is terminated for good cause, as defined in Paragraph 11.3 below, CERTNA shall have no obligation to Employee beyond those benefits accrued as of Employee's last day of employment and those CERTNA is obligated to provide under federal or state law. In the event Employee is terminated by the CERTNA Board for misconduct which could stigmatize Employee's reputation or impair

Employee's ability to earn a living, Employee may, within ten (10) calendar days of receipt of said notice, make a written request for a "name-clearing" hearing (as described in *Lubey v. City and County of San Francisco* (1979) 98 Cal.App.3d 340, and its progeny) before the CERTNA Board. The "name-clearing" hearing would solely be to provide Employee an opportunity to clear Employee's name. The CERTNA Board may determine whether the allegations in the notice of termination are supported. If the CERTNA Board determines that the allegations are not supported, a decision shall be issued to reflect that the Employee's termination was without fault. Such a decision, however, will not require that Employee be reinstated to the position. The hearing shall take place at a regularly scheduled CERTNA Board meeting in accordance with any applicable provisions of state law. The decision whether to terminate the Strategic Operations Director shall be made by a minimum two-thirds (2/3) vote of the whole CERTNA Board as then constituted in closed session and reported out of closed session as required by the California Government Code. In the event that Employee does not request a "name-clearing" hearing before the CERTNA Board, the CERTNA Board's decision to terminate will be effective by the close of business on the tenth (10th) day after the notice was provided to Employee of CERTNA's intent to terminate Employee's employment.

11.3. Good Cause - Defined.

"Good Cause", for purposes of this Agreement, means a fair and honest cause or reason for termination. These reasons include, but are not limited to:

1. Conviction of a felony;
2. Disclosing confidential information of CERTNA;
3. Gross carelessness or misconduct;
4. Unjustifiable and willful neglect of the duties described in this Agreement;
5. Mismanagement;
6. Failure to perform duties to the standard set by the CERTNA Board;
7. Repeated and protracted unexcused absences from the CERTNA Strategic Operations Director's office and duties;
8. Willful destruction or misuse of CERTNA property;
9. Conduct that in any way has a direct, substantial, and adverse effect on CERTNA's reputation;
10. Willful violation of federal, state, or CERTNA discrimination laws;
11. Continued substance abuse which adversely affects performance of Employee's duties as CERTNA Strategic Operations Director;

12. Refusal to take or subscribe any oath or affirmation which is required by law;
13. Disability that renders Employee unable to perform the essential functions of the job with or without reasonable accommodation which places an undue burden on CERTNA;
14. Dishonesty;
15. Engaging in other employment or activities which conflict with, or present the appearance or possibility of conflicting with, CERTNA's legitimate business interests; and
16. Continuous or repeated failure or refusal to perform Employee's duties to the standards set by CERTNA.

Notwithstanding any provision in this Agreement to the contrary, the CERTNA Board may place Employee on investigatory leave with full pay and benefits at any time during the Term of this Agreement.

11.4 Arbitration of Controversies. Any controversy, claim or dispute arising out of or relating to termination of Employee, other than tort claims of Discrimination or Wrongful Termination, shall be settled solely and exclusively by binding arbitration. Such arbitration shall be conducted in accordance with the then prevailing commercial arbitration rules of Judicial Arbitration and Mediation Services ("JAMS"), with the following exceptions if in conflict: (a) one arbitrator shall be chosen by JAMS; (b) each party to the arbitration will pay its pro rata share of the expenses and fees of the arbitrator and court reporter, together with other expenses of the arbitration incurred or approved by the arbitrator; and (c) arbitration may proceed in the absence of any party if written notice (pursuant to the JAMS' rules and regulations) of the proceedings has been given to such party. Each party shall bear its own attorneys fees and expenses.

The parties agree to abide by all decisions and awards rendered in such proceedings. Such decisions and awards rendered by the arbitrator shall be final and conclusive. All such controversies, claims or disputes shall be settled in this manner in lieu of any action at law or equity; provided however, that nothing in this Section shall be construed as precluding the bringing an action for injunctive relief or other equitable relief. The arbitrator shall not have the right to award punitive damages or speculative damages to either party and shall not have the power to amend this Agreement. The arbitrator shall be required to follow applicable law. If for any reason this arbitration clause becomes not applicable, then each party submits to the ongoing jurisdiction of the state of California and/or the United States District Court for the enforcement hereof.

Section 12. Indemnification. CERTNA shall defend, hold harmless and indemnify Employee against any tort, personnel, civil rights or professional liability claim or demand or other legal action, whether groundless or otherwise, arising out of an alleged act or omission occurring in the performance of Employee's duties as CERTNA Strategic Operations Director in accordance with California's Tort Claims Act (Government Code section 825 et seq.) and shall provide a defense to Employee in accordance with Government Code sections 995 through 996.5. CERTNA may decline to defend or indemnify Employee only as permitted by the Government Code. CERTNA

may compromise and settle any such claim or suit and pay the amount of any resulting settlement or judgment; provided, however, that CERTNA's duty to defend and indemnify shall be contingent upon Employee's good faith cooperation with such defense.

Section 13. Bonding. CERTNA shall bear the full cost of any fidelity or other bonds required of the Employee under any law or ordinance.

Section 14. Notices. Any notice or communication required hereunder between CERTNA and Employee must be in writing, and may be given either personally, by facsimile (with original forwarded by regular U.S. Mail), by registered or certified mail (return receipt requested), or by Federal Express, UPS, or other similar couriers providing overnight delivery. If personally delivered, a notice shall be deemed to have been given when delivered to the Party to whom it is addressed. If given by facsimile transmission, a notice or communication shall be deemed to have been given and received upon actual physical receipt of the entire document by the receiving Party's facsimile machine. Notices transmitted by facsimile after 5:00 p.m. on a normal business day or on a Saturday, Sunday or holiday shall be deemed to have been given and received on the next normal business day. If given by registered or certified mail, such notice or communication shall be deemed to have been given and received on the first to occur of (a) actual receipt by any of the addressees designated below as the Party to whom notices are to be sent, or (b) five (5) days after a registered or certified letter containing such notice, properly addressed, with postage prepaid, is deposited in the United States mail. If given by Federal Express or similar courier, a notice or communication shall be deemed to have been given and received on the date delivered as shown on a receipt issued by the courier. Any Party hereto may at any time, by giving ten (10) days written notice to the other Party hereto, designate any other address in substitution of the address to which such notice or communication shall be given. Such notices or communications shall be given to the Parties at their addresses set forth below:

If to CERTNA:

ATTN: CERTNA Clerk
ADDRESS

and

White, Brenner LLP
ATTN: Nubia I. Goldstein
1414 K Street, 3rd Floor
Sacramento, CA 95814

If to Employee:

XXXX

w/ cc: home address on file with CERTNA Administrative Services

Section 15. General Provisions.

15.1. Modification of Agreement. This Agreement may be supplemented, amended, or modified only by a writing signed by CERTNA and Employee.

15.2. Entire Agreement. This Agreement constitutes the final, complete, and exclusive statement of the terms of the agreement between the Parties and supersedes all other prior or contemporaneous oral or written understandings and agreements of the Parties. No Party has been

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induced to enter into this Agreement by, nor is any Party relying on, any representation or warranty except those expressly set forth in this Agreement.

15.3. Severability of Agreement. If a court or an arbitrator of competent jurisdiction holds any Section of this Agreement to be illegal, unenforceable, or invalid for any reason, the validity and enforceability of the remaining sections of this Agreement shall not be affected.

15.4. Authority. All Parties to this Agreement warrant and represent that they have the power and authority to enter into this Agreement and the names, titles and capacities herein stated on behalf of any entities, persons, states or firms represented or purported to be represented by such entities, persons, states or firms and that all former requirements necessary or required by the state or federal law in order to enter into this Agreement had been fully complied with. Further, by entering into this Agreement, neither Party hereto shall have breached the terms or conditions of any other contract or agreement to which such Party is obligated, which such breach would have a material effect hereon.

15.5. Headings. The headings in this Agreement are included for convenience only and neither affect the construction or interpretation of any Section in this Agreement nor affect any of the rights or obligations of the Parties to this Agreement.

15.6. Necessary Acts and Further Assurances. The Parties shall, at their own cost and expense, execute and deliver such further documents and instruments and shall take such other actions as may be reasonably required or appropriate to evidence or carry out the intent and purposes of this Agreement.

15.7. Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of California.

15.8. Waiver. No covenant, term, or condition or the breach thereof shall be deemed waived, except by written consent of the Party against whom the waiver is claimed, and any waiver of the breach of any covenant, term, or condition shall not be deemed to be a waiver of any preceding or succeeding breach of the same or any other covenant, term, or condition.

15.9. Counterparts. This Agreement may be executed in counterparts and all so executed shall constitute an agreement which shall be binding upon the Parties hereto, notwithstanding that the signatures of all Parties and Parties' designated representatives do not appear on the same page.

15.10. Venue. Venue for all legal proceedings shall be in the Superior Court of the State of California, in and for the County of Kern.

15.11. Attorney's Fees and Costs. If any action at law or in equity, including action for declaratory relief, is brought to enforce or interpret Sections of this Agreement, the prevailing Party shall be entitled to reasonable attorney's fees and costs, which may be set by the court in the same action or in a separate action brought for that purpose, in addition to any other relief to which such Party may be entitled.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, this Agreement has been entered into by and between Employee and CERTNA as of the date of the Agreement set forth above.

CERTNA:

EMPLOYEE:

CERTNA, a California municipal corporation

By: _____
Sean Saldavia, Board Chair

By: _____
Richard Sherman, an individual

Date Signed: _____

Date Signed: _____

Approved as to Form and Content:

By: _____
Nubia I. Goldstein, CERTNA Attorney

Exhibit A

STRATEGIC OPERATIONS DIRECTOR JOB DESCRIPTION

Exhibit B

CERTNA STRATEGIC OPERATIONS DIRECTOR

Schedule of Benefits

1. Leave. Employee will not accrue vacation, sick leave or administrative leave. Employee shall have the right to take time off from his duties as the Strategic Operations Director for vacation, illness or professional time as necessary and as approved by the Board Chair. Employee will be responsible for informing the Board Chair in advance when he plans to be out of the office for more than one full day.

2. Holidays. Employee shall be entitled to all paid holidays as approved by CERTNA Board for CERTNA staff. It is expected that Employee will not be at work on these holidays. If for some reason Employee needs to work on a scheduled holiday, it is expected that Employee will observe the holiday on an alternate date.

Holidays approved by the Board are:

New Years' Day (observed)
Martin Luther King Jr. Day
Presidents' Day
Memorial Day
4th of July (observed)
Labor Day
Veterans' Day
Thanksgiving
Day after Thanksgiving
Christmas Eve (1/2 day observed)
Christmas Day (observed)
New Years' Eve (1/2 day observed)

3. Insurance. CERTNA at its expense will provide the following coverages for Employee only (Employee may pay for any other eligible family member per the County of San Bernardino Personnel Policies):

A. Medical. Employee will receive benefits through the County of San Bernardino as provided to the Exempt Employee Compensation Plan.

B. Dental. Employee will receive benefits through the County of San Bernardino as provided to the Exempt Employee Compensation Plan.

C. Vision. Employee will receive benefits through the County of San Bernardino as provided to the Exempt Employee Compensation Plan.