

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 18

To: Board of Directors

From: Inder Khalsa, General Counsel

Subject: Amended Employment Agreement for Executive Officer between Valley Clean Energy Alliance and Mitch Sears

Date: December 12, 2024

RECOMMENDATIONS

Approve Resolution approving the Second Amendment to the Employment Agreement with Executive Officer Mitch Sears.

BACKGROUND AND ANALYSIS

On March 11, 2022, VCE entered into an Employment Agreement with Mitch Sears, appointing him as Executive Officer of VCE. On September 14, 2023, the Board approved by resolution the First Amendment to the Employment Agreement. The First Amendment increased the Executive Officer's base salary to \$262,500.00 (effective July 1, 2023), and there were no modifications to the other aspects of the Agreement.

At the July 11, 2024 Board Meeting, the Board began its annual review of Executive Officer compensation and reached the proposed resolution approving the Second Amendment to the Employment Agreement as follows, which increases the Executive Officer's base salary from \$275,630.00 to \$300,000.00 per year effective July 11, 2024, and changes other aspects of the Agreement.

Other aspects of the Employment Agreement's key benefits are updated as follows:

- **Contract Duration:** Extend the employment agreement for three years and three months to March 30, 2028 with two 1-year extensions through March 30, 2030. The original Agreement was executed for three years beginning on March 11, 2022.
- **Expenses:** Provide the CEO with up to \$10,000 per year for professional development/executive development and professional dues.
- **Severance:** If VCE terminates the Executive Officer without cause, the severance payment would be increased from three months salary to six months based on longevity and length of contract.

- **Annual VCE Employee Benefits:** Remain eligible for Board approved annual COLA's, longevity pay, and health benefits. Any calculation for longevity pay to credit for full tenure with VCE, including interim status.
- **Professional Organizations:** Addition of \$10,000/year in professional/executive development and professional dues.
- **Position Title Update:** The Executive Officer title will be updated to Chief Executive Officer or "CEO."

The Board Subcommittee reviewed salaries and benefits for other CCA program CEOs and executive officers and determined that the proposed salary and benefits are generally at or below market average compensation of other CCA CEOs or executive officers.

CONCLUSION

Upon Board approval of the resolution regarding the Second Amendment to the Employment Agreement with Mitch Sears, Mitch Sears' salary increase would be retroactive to July 11, 2024.

Attachments:

1. Resolution 2024-XXX - Second Amendment to the Employment Agreement with Mitch Sears
2. Employment Agreement Amendment 2 for Chief Executive Officer

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2024-___

RESOLUTION OF THE BOARD OF DIRECTORS OF VALLEY CLEAN ENERGY ALLIANCE APPROVING THE SECOND AMENDMENT TO THE EMPLOYMENT AGREEMENT WITH MITCH SEARS

WHEREAS, the Valley Clean Energy Alliance (“VCE”) was formed as a community choice aggregation agency (“CCA”) on November 16, 2016, under the Joint Exercise of Power Act, California Government Code sections 6500 et seq., among the County of Yolo, and the Cities of Davis and Woodland, to reduce greenhouse gas emissions, provide electricity, carry out programs to reduce energy consumption, develop local jobs in renewable energy, and promote energy security and rate stability in all of the member jurisdictions. The City of Winters, located in Yolo County, was added as a member of VCE and a party to the JPA in December of 2019;

WHEREAS, the City of Winters, located in Yolo County, was added as a member of VCE and a party to the VCE in December of 2019;

WHEREAS, On March 11, 2022, VCE entered into an Employment Agreement with Mitch Sears, appointing him as Executive Officer of VCE

WHEREAS, on September 14, 2023 the Board of Directors approved the First Amendment to the Employment Agreement for Executive Officer,

WHEREAS, VCE wishes to extend the contract with Mitch Sears and amend his title from “Executive Officer” to “Chief Executive Officer.”

NOW, THEREFORE, the Board of Directors of Valley Clean Energy Alliance resolves as follows:

Section 1. The Board of Directors hereby approves the Second Amendment to the Employment Agreement for the retitled Chief Executive Officer, attached hereto and incorporated herein, with any minor clerical changes requested by the Board or Mr. Sears and approved by General Counsel.

Section 2. This Resolution shall take effect immediately upon its adoption.

///

///

///

PASSED, APPROVED AND ADOPTED, at a special meeting of the Valley Clean Energy Alliance, held on the ___ day of _____ 2024, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Lucas Frerichs, VCE Chair

Alisa M. Lembke, VCE Board Secretary

Attachment:

1. Employment Agreement Amendment 2 for Chief Executive Officer

SECOND AMENDMENT
EMPLOYMENT AGREEMENT FOR EXECUTIVE OFFICER

THIS SECOND AMENDMENT TO EMPLOYMENT AGREEMENT (“Agreement”) is entered into by and between the Valley Clean Energy Alliance, a Joint Powers Agency also known as “Valley Clean Energy” (“VCE”) and Mitch Sears, an individual (“EMPLOYEE”). VCE and EMPLOYEE are sometimes collectively referred to herein as the “Parties.” For identification purposes, this Agreement is dated December 12, 2024.

RECITALS

This Employment Agreement is entered into on the basis of the following facts, understandings and intentions of the Parties:

- A. VCE and EMPLOYEE entered into the Agreement, dated March 11, 2022, providing for employment of EMPLOYEE as Executive Officer.
- B. VCE and EMPLOYEE previously amended the Agreement on September 14, 2023.
- C. To achieve operational efficiency and to recognize outstanding job performance, VCE now wishes to amend the Agreement by updating the compensation and certain benefits of the Agreement and amending his title from “Executive Officer” to “Chief Executive Officer.”

NOW, THEREFORE, for and in consideration of the mutual covenants and conditions herein contained, VCE and EMPLOYEE agree as follows:

AGREEMENT

- 1. The title and all sections within the Agreement referencing “Executive Officer” shall be amended to reflect EMPLOYEE’s job title as “Chief Executive Officer” or “CEO.”
- 2. Section 4 of the Agreement is amended to read as follows:

Term. The term of this Agreement shall commence upon the final execution of the Agreement (“Effective Date”), and shall expire on March 30, 2028, unless earlier terminated as provided in this Agreement. The Agreement may be extended for two one-year extensions up to March 30, 2030, upon a satisfactory annual performance evaluation by VCE. Upon expiration of the term, the Agreement will extend on a month-to-month basis on the terms provided herein until a new employment agreement is entered between the Parties.

- 3. Section 5 of the Agreement is amended to read as follows:

Salary. Effective July 11, 2024, VCE shall pay EMPLOYEE an annual salary of \$300,000.00, prorated and paid on VCE’s normal paydays, subject to legally permissible or required deductions. EMPLOYEE’s salary is compensation for all

hours worked and for all services under this Agreement. EMPLOYEE shall be exempt from overtime pay provisions of California law (if any) and federal law. EMPLOYEE's salary may be adjusted annually to reflect cost of living increases, longevity, and merit increases tied to EMPLOYEE'S annual performance evaluation. The calculation for longevity pay will credit EMPLOYEE for the full tenure with VCE, including interim status.

4. Section 9 of the Agreement is amended to read as follows:

Expenses. During the employment term, and subject to the availability of funds. VCE shall reimburse EMPLOYEE for budgeted and reasonable out-of-pocket expenses incurred in connection with VCE's business, including reasonable expenses for travel, food, and lodging while away from home, subject to such policies as VCE may from time-to-time reasonably establish for its employees. Additionally, EMPLOYEE shall be entitled to Board-approved or budgeted and reasonable reimbursement for continuing education expenses, and for attendance at conventions, and conferences. EMPLOYEE shall be entitled to up to \$10,000.00 per year for professional development/executive development and professional dues.

5. Section 11 (a) of the Agreement is amended to read as follows:

Severance. VCE shall pay EMPLOYEE for all services through the effective date of termination. EMPLOYEE shall have no right to any additional compensation or payment, except as provided below and except for any accrued and vested benefits.

a. If VCE terminates this Agreement (thereby terminating EMPLOYEE's Employment) without cause VCE shall pay EMPLOYEE a lump sum severance benefit equal to six months of the applicable base salary at time of termination.

6. All other provisions of the Agreement shall remain in effect.

IN WITNESS WHEREOF, the Parties have executed this Agreement.

[SIGNATURE PAGE TO FOLLOW]

Lucas Frerichs, Chair
Valley Clean Energy Alliance

DATE:

Mitch Sears
CEO

DATE:

APPROVED AS TO FORM:

Inder Khalsa, General Counsel

ATTEST:

Alisa Lembke, VCE Board Clerk