

**EMPLOYMENT AGREEMENT BETWEEN
RANCHO CALIFORNIA WATER DISTRICT
AND GENERAL MANAGER JEFF ARMSTRONG**

This Agreement (herein "Agreement") is made as of the 13th day of June, 2019, by and between RANCHO CALIFORNIA WATER DISTRICT (herein "RCWD") a California water district as employer, and General Manager Jeff Armstrong (herein "Armstrong") an individual as employee, who hereby agree as follows:

**I.
RECITALS**

A. RCWD is a governmental entity existing pursuant to the California Water Code (35000 *et seq.*), having the powers and duties therein specified.

B. RCWD entered into a written employment agreement with Armstrong on October 8, 2015, to serve as its full-time General Manager, which has been amended twice. A copy of the current Employment Agreement and Amendments is attached hereto as Exhibit "A" for reference.

C. The parties now desire to enter into this new agreement to extend Armstrong's employment through July 1, 2021, subject to the rights of termination set forth herein.

**II.
AGREEMENT**

In consideration of the mutual promises set forth herein, the Parties agree that Armstrong shall serve as the General Manager of the District pursuant to the following terms and conditions:

1. At-Will Employee. The parties agree that Armstrong is an at-will employee serving at the pleasure of the Board of Directors during the term of this Agreement.
2. Term. This Agreement shall be effective July 1, 2019, through June 30, 2021, and shall replace and supersede the current Employment Agreement.
3. Compensation. Effective July 1, 2019, the District shall pay Armstrong an annual base salary of \$284,625.00. On July 1, 2020, the District shall pay Armstrong an annual base salary of \$284,625.00 plus a cost of living increase equal to the annual CPI increase for Riverside-San Bernardino- Ontario area [May-May] plus one percent (1.0%); or four percent (4.0%) whichever is less. Armstrong accepts such sum(s) as payment in full for services rendered hereunder. Armstrong's salary shall not be reduced during the term of this Agreement.
4. Merit Bonus. The District, in its sole discretion, may award a merit bonus to Armstrong based upon his performance.
5. COLA. Armstrong shall not receive any cost-of-living adjustment that is given to the other employees of the District generally.

6. Deferred Compensation Match. Armstrong is not entitled to receive a match of his contribution, if any, into the District's 457 Plan.
7. Benefits. During the term of this Agreement, Armstrong shall be entitled to receive the following benefits:
 - 7.1. Administrative Leave. Armstrong shall be permitted to take up to Forty (40) hours per fiscal year as paid administrative leave. Unused administrative leave shall not be paid at the termination of Armstrong's employment.
 - 7.2. Automobile Allowance. Armstrong shall be entitled to receive an automobile allowance in the amount of Six Hundred Dollars (\$600.00) per month to be used to purchase, lease, or own and to operate and maintain a vehicle. Armstrong shall be solely responsible for paying for liability, property damage, and comprehensive insurance coverage upon such vehicle and shall further be responsible for all expenses related to the purchase, operation, maintenance, repair and regular replacement of said vehicle.
 - 7.3. Reimbursement for Professional Expenses. The District shall pay for Armstrong's attendance at conferences, seminars and professional or industry organization meetings that are necessary or desirable for the representation of the District and for Manager's continued professional growth as approved by the Board of Directors.
 - 7.4. Other Benefits. Except as set forth above, Armstrong shall be entitled to the same benefits, including without limitation medical, dental and vision insurance, disability insurance, PERS retirement, PERS long-term care program, and other benefits which District, at any time during the continuation of this Agreement, provides to its Executive Employees, and upon the same terms and conditions as those which apply to the Executive Employees, except as otherwise explicitly provided herein. A copy of the current Employee Benefits – Executive Sheet is attached hereto as Exhibit "B" and incorporated herein by reference.
8. Performance Evaluation. The Board of Directors shall conduct an annual review of Armstrong's performance in July of each year. Failure of Board of Directors to conduct a performance evaluation shall not limit the Board's ability to terminate this Agreement.
9. Duties and Restrictions.
 - 9.1. Duties. Armstrong is the General Manager for District, its highest staff position, and shall be responsible for management of all aspects of District's operations on a day-to-day basis, subject only to the policy direction of the Board of Directors.
 - 9.2. Direction from Board. Armstrong shall take direction as to matters of District business only from the Board of Directors as a whole, from the President, or from a duly authorized Committee which has been granted the power by the Board to give direction to Armstrong.
 - 9.3. Exclusive Employment. Armstrong shall remain in the exclusive employ of the District during the term of this Agreement and shall not accept employment from any other person or entity without the prior consent of the Board of Directors.

10. Termination of Agreement.

- 10.1. Termination by the District. The Board of Directors may, by a majority vote, terminate this Agreement at any time, with or without notice and with or without cause by the District.
- 10.2. Termination by Armstrong. Armstrong may terminate this Agreement at any time by giving the Board Ninety (90) days' advance written notice of his intent to terminate, or sooner by mutual agreement. In the event that Armstrong exercises his right to terminate under this subparagraph, he shall not be entitled to any severance as described in section 11, below.

11. Severance.

- 11.1. In the event that Armstrong's employment is terminated by the District without cause, Armstrong shall be entitled to six (6) months' salary or the salary for the remaining term of his Agreement, whichever is less, payable in a lump sum. This provision is intended to comply with Government Code sections 53260 and 53261, as amended, and in no event shall Armstrong be entitled to severance benefits greater than provided for therein.
- 11.2. Armstrong will not be entitled to severance if his employment is terminated by the District at any time for cause, or if Armstrong resigns or terminates this Agreement.
- 11.2.1. Cause for termination shall be defined for purposes of this Agreement to include: (i) malfeasance; (ii) gross negligence; (iii) fraud; (iv) serious misconduct; (v) conviction of, or plea of guilty or nolo contendere to any felony as defined by California law on the part of Armstrong. (A plea or verdict of guilty or a finding of guilt by a court in a trial without a jury is deemed to be a conviction within the meaning of this clause irrespective of a subsequent order under provisions of section 1203.4 of the Penal Code allowing withdrawal of a plea of guilty and entering a plea of not guilty, or setting aside the verdict of guilty, or dismissing the accusations or information); or (vi) other material violation of District policies or rules.
- 11.3. Separately Negotiated: Waiver. In exchange for the severance benefits to be provided, Armstrong will be required to sign a release and waiver of all claims arising out of his employment with and separation from DISTRICT. The parties expressly acknowledge and agree that these severance pay and waiver provisions have been independently negotiated. Acceptance at the time of termination by ARMSTRONG of the severance pay benefits provided by this section shall operate as a full and complete waiver and release of any and all rights, claims and/or causes of action which Armstrong may have, or have had, at any time, in the past or in the future, arising out of Armstrong's employment by DISTRICT, including, but not limited to, claims for wrongful termination. (Armstrong agrees to sign a Severance Agreement that is substantially similar to the one attached as Exhibit "C".) If Armstrong wishes to retain any such rights, Armstrong must decline to accept the severance benefits provided by this section.

11.3.1. Acceptance of the severance benefits under this paragraph will operate as a general release on the part of Armstrong as to all claims, known or unknown, and Armstrong specifically waives the provisions of California Civil Code Section 1542 which provide:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

11.4. Pursuant to Government Code Section 53243 et seq., if Armstrong is convicted of a crime involving an abuse of office or position, as defined below, all of the following shall apply: (1) if Armstrong was provided with paid leave pending an investigation into the matter, Armstrong shall be required to fully reimburse the District for those amounts paid; (2) if the District, in its discretion, paid for the criminal defense of Armstrong, Armstrong shall be required to fully reimburse the District for all amounts paid; (3) if the District paid any severance pay under this Agreement, Armstrong shall be required to fully reimburse the District for all amounts paid.

11.4.1. "Abuse of office or position" means either:

11.4.1.1. An abuse of public authority, including but not limited to, waste, fraud, and violation of the law under color of authority; or

11.4.1.2. A crime against public justice, including, but not limited to, a crime described in Title 5 (commencing with Section 67), Title 6 (commencing with Section 85), or Title 7 (commencing with Section 92) of Part 1 of the Penal Code.

12. Duty to Defend and Indemnity. The District agrees to defend, indemnify and hold harmless Armstrong against any claim or action against him for an injury arising out of an act or omission occurring within the scope his employment as an Armstrong of the District as required by California Government Code Section 825, et seq. Armstrong must make a request for defense in writing not less than ten (10) days before the day of trial, and reasonably cooperate in good faith in the defense of the claim or action. If Armstrong does so, the District shall pay any judgment based thereon or any compromise or settlement of the claim or action to which the District has agreed. Notwithstanding the above, the District shall only indemnify Armstrong for punitive or exemplary damages as authorized in Government Code Section 825, or its successor. The District shall also provide defense to Armstrong as required by California Government Code Section 995, or its successor.

13. Governing Law. This Agreement shall be interpreted and enforced in conformance with California law.

14. Venue. The venue for any litigation to interpret or enforce this Agreement shall be the Riverside Superior Court.

15. Integration Clause. If any part, provision, paragraph or subparagraph of this Agreement shall be held to be void or unenforceable by a final judgment of a court of competent jurisdiction,

then unless that provision is found in such proceeding to be material to this Agreement, said void or unenforceable provision shall be severed from this Agreement and the balance of this Agreement shall remain in full force and effect. In the event that the void or unenforceable provision is found to be material to this Agreement, then the entire Agreement shall be voided.

16. Independent Review: Interpretation. Armstrong and the District affirm in signing this Agreement that they have each had an opportunity to review and consider this Agreement, and to have it reviewed and to receive advice from independent advisors of their own choosing, including attorneys, and that each knowingly and voluntarily enters into this Agreement. Armstrong and the District further affirm that this Agreement was the mutual product of their negotiations, including give and take, and that neither party shall be considered the drafter of this Agreement such that the Agreement is interpreted against that party.
17. Public Record. Armstrong acknowledges that this Agreement, upon final execution, will become a public record under California law available for public inspection and copying.
18. Entire Agreement. This Agreement represents the entire agreement between the parties and supersedes any prior agreements, written or oral, and any representations, written or oral, not expressly included herein.
19. Counterparts. This Agreement may be signed in counterparts. Any such counterpart when executed shall constitute an original of this Agreement and all such counterparts together shall constitute one and the same Agreement.

IN WITNESS HEREOF, this Agreement was executed by the parties on the date first here and above written:

DATED: 6/13/19

RANCHO CALIFORNIA WATER DISTRICT

By: 
Bill Wilson
President of the Board of Directors

DATED: 6/25/19

By: 
Jeff Armstrong General Manager