

**EMPLOYMENT AGREEMENT BETWEEN
RANCHO CALIFORNIA WATER DISTRICT
AND RICHARD ARAGON**

THIS AGREEMENT (herein "Agreement") is made this 12 day of November, 2015, to be effective November 12, 2015, by and between the RANCHO CALIFORNIA WATER DISTRICT (herein the "DISTRICT"), a California water district as employer, and RICHARD ARAGON (herein "ARAGON"), an individual as employee, who hereby agree as follows:

**I.
RECITALS.**

- A. DISTRICT is a governmental entity existing pursuant to the California Water Code (35000 et seq.), having the powers and duties therein specified.
- B. DISTRICT desires to retain ARAGON a full-time Director of Finance as an at-will employee.
- C. ARAGON has agreed to continue in employment as DISTRICT's Director of Finance pursuant to the terms and conditions herein stated.
- D. The parties have set forth below the terms and conditions of their Agreement.
- E. The parties herein agree that this Agreement has no fixed term, subject to the rights of termination set forth herein.

**II.
AGREEMENT.**

In consideration of the mutual promises set forth herein, the Parties agree as follows:

ARAGON shall serve as Director of Finance of the DISTRICT pursuant to the terms and conditions set forth herein:

A. Compensation.

ARAGON's gross salary shall be One Hundred Fifty-Nine Thousand Nine Hundred Ninety-Three Dollars and Sixty Cents (\$159,993.60) per year, payable consistent with the District's normal payroll practices. ARAGON's salary shall be evaluated annually by DISTRICT's General Manager (hereinafter "GENERAL MANAGER") to consider a merit increase in salary based upon performance. If performance warrants a merit increase ARAGON shall be entitled to a merit increase within a range consistent with the management employees of the District. Any increase granted will become effective July 1. (As an at-will employee, ARAGON is not eligible for a merit increase pursuant to Policy Number 10, Section 4.3, of the District's Employee Policy and Procedures Manual.) In addition, ARAGON will be eligible for a discretionary bonus ranging from 0 to 4 percent of his annual salary. Any bonus awarded is at the sole discretion of the General Manager and will be paid at the end of the fiscal year.

B. Benefits.

(1) Standard Benefits: Except as provided in subparagraph B(2) below, ARAGON shall receive the same benefits package as that offered to DISTRICT's management employees as the same may from time to time be established by DISTRICT.

(2) Additional Benefits: As an unrepresented, at-will employee, ARAGON will be entitled to two days (18 hours) of administrative leave annually pursuant to District policy. The DISTRICT will provide ARAGON with matching funds, up to 2 percent of his salary, for any of ARAGON's voluntary contributions to the District's 457 plan pursuant to District Policy and subject to all statutory limitations.

C. Duties and Restrictions.

(1) Duties. ARAGON will perform the duties of Director of Finance set forth in the Director of Finance job description and such other reasonably related duties assigned by the GENERAL MANAGER.

(2) Outside Employment and Activities: ARAGON shall not accept any other employment during the term of this Agreement and shall devote his full time to his DISTRICT position, unless otherwise approved by the GENERAL MANAGER. ARAGON shall not engage in any outside activities during the term of this Agreement that generate conflicts of interest or the appearance thereof (financial or other) with his position as DISTRICT Director of Finance. If ARAGON is not certain whether or not a particular proposed outside activity is permitted under this Agreement, he shall ask the GENERAL MANAGER for a determination thereon before engaging in the activity, and the GENERAL MANAGER shall within thirty (30)

days make a determination thereon. Failure to act on the part of the GENERAL MANAGER within said thirty (30) day period shall be deemed approval. Notwithstanding any General Manager determination, it is the Employee's obligation to ensure his or her activities are not in violation of federal, state or local conflict of interest laws or regulations.

D. Termination of Agreement.

This Agreement may be terminated at any time with or without notice and with or without cause by the District.

(1) For Cause:

If terminated for cause, ARAGON will be subject to the normal disciplinary procedures set forth in Policy number 28 of the DISTRICT's Employee Policy & Procedure Manual, but will not be entitled to any severance.

(a) 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 ARAGON. (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.

(2) By ARAGON:

ARAGON may terminate this Agreement at any time by giving DISTRICT thirty (30) days' advance written notice of his intent to terminate, or sooner by mutual agreement. In the event that ARAGON exercises his right to terminate under this subparagraph, he shall not be entitled to any severance as described in section E, below.

E. Severance.

(1) In the event that ARAGON's employment is terminated by DISTRICT without cause, ARAGON shall be entitled to six (6) months' salary as severance, payable in a lump sum.

(2) ARAGON will not be entitled to severance if ARAGON resigns.

(3) Separately Negotiated: Waiver. The parties expressly acknowledge and agree that these severance pay provisions have been independently negotiated. Acceptance at the time of termination by ARAGON 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 ARAGON may have, or have had, at any time, in the past or in the future, arising out of ARAGON's employment by DISTRICT, including, but not limited to, claims for wrongful termination. (ARAGON agrees to sign a Severance Agreement that is substantially similar to the one attached as Exhibit "A".) If ARAGON wishes to retain any such rights, ARAGON must decline to accept the severance benefits provided by this section.

Acceptance of the severance benefits under this paragraph will operate as a general release on the part of ARAGON as to all claims, known or unknown, and ARAGON 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."

(4) Pursuant to Government Code Section 53243 et seq., if ARAGON is convicted of a crime involving an abuse of office or position, as defined below, all of the following shall apply: (1) if ARAGON was provided with paid leave pending an investigation into the matter, ARAGON 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 ARAGON, ARAGON shall be required to fully reimburse the DISTRICT for all amounts paid; (3) if the DISTRICT paid any severance pay under this AGREEMENT, ARAGON shall be required to fully reimburse the DISTRICT for all amounts paid.

(a) "Abuse of office or position" means either:

- (i) An abuse of public authority, including but not limited to, waste, fraud, and violation of the law under color of authority; or
- (ii) 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.

F. Governing Law.

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

G. 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.

H. Venue.

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

I. 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.

J. Independent Review: Interpretation.

ARAGON and 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. ARAGON and 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.

K. Public Record.

ARAGON acknowledges that this Agreement, upon final execution, will become a public record under California law available for public inspection and copying.

L. 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.

DATED: 11-12-2015

RANCHO CALIFORNIA WATER DISTRICT

By: 
JEFF ARMSTRONG
GENERAL MANAGER

DATED: 11-12-2015

By: 
RICHARD ARAGON
DIRECTOR OF FINANCE

EXHIBIT A

SEVERANCE AGREEMENT AND GENERAL RELEASE OF CLAIMS

This Severance Agreement and General Release of Claims (hereinafter "Agreement") is made and entered into between RANCHO CALIFORNIA WATER DISTRICT (hereinafter "RCWD") and RICHARD ARAGON (hereinafter "Employee"), and is made in light of the following:

RECITALS

1. Employee was employed by RCWD and separated from employment as an at-will employee effective _____, 20__.
2. The parties have now agreed to settle any and all disputes, now in existence or arising in the future, between RCWD and Employee regarding the employment and separation of Employee.
3. Employee acknowledges that RCWD denies that Employee has any claims which may be asserted against it, but that RCWD desires to avoid incurring any costs and expenses related to any possible claims, and desires to compensate Employee as the sole means of settlement by providing the severance benefits set forth herein. Therefore, Employee makes this Agreement expressly recognizing that the making of this Agreement does not in any way constitute an admission of wrongdoing or liability on the part of RCWD.

AGREEMENT

4. In consideration of this Agreement, RCWD agrees that Employee shall receive severance pay equal to six (6) months of salary, exclusive of incentive or bonus pay, benefit and other non-cash remuneration. Payment shall be made in one lump sum mailed to Employee on the Effective Date of this Agreement. This amount shall be treated as wages, with withholding made for taxes and a W-2 will be issued by RCWD. However, amounts will not be withheld for medical or other insurance, retirement or other RCWD-provided benefits, nor will these benefits be provided by RCWD after the separation date.
5. Employee agrees to keep the terms of this Agreement confidential and not to disclose the terms of this Agreement to any other person, entity, or organization except as necessary for the enforcement or compliance with this Agreement. The parties acknowledge that RCWD is a public entity and this Agreement and its terms are a public record within the meaning of the California Public Records Act, and therefore, RCWD will, upon request, release the Agreement and/or its terms.
6. Employee agrees that all employment reference checks initiated by Employee or at Employee's request will be directed to the Human Resources Manager, or to the successor position in Human Resources, who will state the dates of employment and the position held.

7. In consideration of the promises of RCWD contained in this Agreement, Employee agrees that by signing this Agreement Employee represents that he has not filed and gives up any and all rights he may have to file a grievance, claim or complaint of any kind against RCWD arising from his employment and separation, except as may be necessary to enforce the terms of this Agreement, or for workers' compensation or unemployment insurance benefits, or as otherwise required by law. Employee understands and expressly agrees that this Agreement extends to all claims of every nature and kind whatsoever, known or unknown, suspected or unsuspected, past or present, and waives all rights under California Civil Code Section 1542, which states as follows:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.”

8. Employee, on behalf of himself, his relatives, heirs, estate, executors, administrators, successors and assigns, fully releases and discharges RCWD and RCWD's current and/or former board members, officers, employees, agents or attorneys, from all actions, causes of action, claims, judgments, obligations, damages, and liabilities of whatsoever kind and character, including, but not limited to, any actions, causes of action, claims, judgments, obligations, damages, or liabilities relating to his employment with and separation from RCWD, including, but not limited to, those arising out of any claims for violation of any alleged contract, express or implied; any covenant of good faith and fair dealing, whether express or implied; any tort; any administrative remedy; any federal, state, or local law, statute or regulation based on or related to the Americans with Disabilities Act (42 U.S.C. §§12101-12213), the Federal Family Medical Leave Act (29 U.S.C. 2601-2654), the California Family Rights Act (Gov. Code §§12945.1-12945.2), the Age Discrimination in Employment Act (29 U.S.C. §§621-634), Title VII, Civil Rights Act of 1964 (42 U.S.C. §§2000-2000 (e)-1-17), the California Fair Employment and Housing Act (Gov. Code §§12900-12996), the Fair Labor Standards Act of 1938 (29 U.S.C. §§201, et seq.), the California Government Code, or the California Labor Code, except for workers' compensation or unemployment insurance benefits.

Further, Employee represents and warrants that Employee has not filed any lawsuits, complaints, charges or grievances against RCWD and/or its current and/or former board members, officers, employees, agents or attorneys with any court or governmental agency arising out of Employee's employment with and separation from RCWD, except for workers' compensation or unemployment insurance benefits, or as otherwise required by law.

Further, Employee agrees that under this Agreement, Employee waives any claim for damages incurred at any time after the date of this Agreement because of alleged continuing effects of any alleged unlawful acts or omissions involving the employment with and separation from RCWD, and any right to sue for injunctive relief against the alleged continuing effects of alleged acts or omissions.

9. Employee represents and acknowledges that in executing this Agreement, Employee did not rely and has not relied upon any representation or statement not set forth

herein made by or on behalf of RCWD, and that this Agreement sets forth the entire agreement between the parties.

10. Age Discrimination Claims.

(a) Employee understands and agrees that, by entering into this Agreement, (i) except for claims arising after the date this Agreement is signed, Employee is waiving any rights or claims Employee might have under the Age Discrimination in Employment Act, as amended by the Older Workers Benefit Protection Act; (ii) Employee has received consideration beyond that to which he was previously entitled; (iii) Employee has been advised to consult with an attorney before signing this Agreement; and (iv) Employee has been offered the opportunity to evaluate the terms of this Agreement for not less than 21 days prior to his execution of the Agreement, even though Employee may elect to sign this Agreement before said period of consideration expires. Employee agrees that changes, whether material or immaterial, do not restart the 21-day consideration period.

(b) Employee may revoke this Agreement (by written notice to Employer's Labor Attorney, Bradley Neufeld) for a period of seven days after his execution of the Agreement, and it shall become enforceable only upon the expiration of this revocation period without prior revocation by Employee.

11. The parties agree that should any non-material provision of this Agreement be declared illegal or invalid by decision of any court of law or administrative agency, all other provisions of this Agreement shall nevertheless remain in full force and effect.

12. This Agreement sets forth the entire Agreement between the parties hereto and fully supersedes any and all prior agreements or understandings between the parties hereto pertaining to the subject matter hereof.

13. This Agreement is made and entered into in the State of California and shall in all respects be interpreted and enforced and governed by and under the law of the State of California.

14. This Agreement may be executed in any number of counterparts. Any such counterpart when executed shall constitute an original of the Agreement and all such counterparts together shall constitute one and the same agreement. The parties further agree that facsimile or scanned signatures will constitute original signatures for purposes of execution of this Agreement.

15. EMPLOYEE FURTHER STATES THAT HE HAS CAREFULLY READ THIS SEVERANCE AGREEMENT; THAT HE UNDERSTANDS THAT THE CONSIDERATION TO BE GIVEN TO HIM UNDER THIS AGREEMENT IS IN ADDITION TO WHAT HE IS ENTITLED TO IN THE ABSENCE OF THIS AGREEMENT; THAT HE HAS HAD THE OPPORTUNITY TO HAVE IT FULLY EXPLAINED TO HIM BY AN ATTORNEY OF HIS CHOICE; THAT ONCE EFFECTIVE, THIS AGREEMENT IS FINAL AND BINDING; THAT THE ONLY PROMISES MADE TO HIM TO SIGN THIS SEVERANCE AGREEMENT AND

GENERAL RELEASE OF ALL CLAIMS ARE THOSE STATED ABOVE; AND THAT HE IS SIGNING IT VOLUNTARILY.

Dated: _____

RICHARD ARAGON

Dated: _____

JEFF ARMSTRONG
GENERAL MANAGER
RANCHO CALIFORNIA WATER DISTRICT