

**EMPLOYMENT CONTRACT FOR SERVICES AS GENERAL MANAGER  
OF MOULTON NIGUEL WATER DISTRICT**

This Employment Contract (herein "Contract") is made and entered into as of the 17th day of May, 2012, by and between MOULTON NIGUEL WATER DISTRICT (hereinafter the "District"), a California special district, and JOONE K. LOPEZ (hereinafter "Employee").

**RECITALS**

WHEREAS, District's Board of Directors (herein "Board") wishes to engage the services of Employee as the District General Manager;

WHEREAS, Employee represents and warrants that she is qualified to perform such services; and

WHEREAS, Employee represents that she has read the functions, responsibilities and duties set forth in Exhibit "A" attached hereto and incorporated herein.

NOW, THEREFORE, in consideration of the above recitals and the mutual covenants herein contained, the parties hereto agree as follows:

**SECTION 1. DUTIES.**

A. District hereby agrees to employ Employee as District General Manager, to serve at the pleasure of the Board. Employee shall perform the functions and duties specified in Exhibit "A," and such other legally permissible and further duties and functions as shall, from time to time, be assigned by the Board, or as required by law.

B. Employee shall devote such time, interest, and effort to the performance of her duties as may be reasonably necessary to fulfill the above requirements. Without limiting the generality of the foregoing, Employee agrees to a work schedule as provided in Section 7 hereinafter, except as otherwise provided herein.

C. Employee's duties require that she be available to address time-sensitive matters of District business, and Employee agrees to reside within a distance from the District administrative offices that enables her to be on District premises within fifteen (15) minutes during her employment as General Manager.

**SECTION 2. TERM.**

A. This Contract shall be effective as of June 25, 2012 (the "Anniversary Date") and shall remain in effect unless and until terminated as provided in this Section.

B. It is expressly understood that Employee, in her capacity as District General Manager, is an at-will employee serving at the pleasure of the Board, subject to termination at any time, with or without cause, and with no right to any hearing, including any so-called Skelly hearing.

C. Nothing in this Contract shall prevent, limit, or otherwise interfere with the right of the Employee or the District to voluntarily terminate this Contract. Due to the sensitive nature of Employee's position and the difficulty of replacing Employee, Employee shall give ninety (90) days written notice prior to such termination to the Board.

D. In the event the District terminates Employee's employment without cause, the Employee shall be entitled to the following severance in accordance with the terms of California Government Code sections 53260, *et seq.*: (1) three (3) months salary at the rate in effect at the date of termination; (2) full medical benefits for the term of severance or until such time as Employee finds other employment, whichever occurs first; and (3) compensation for unused vacation and unused but accrued sick leave pay at the salary rate effective at the date of termination (such accrual and compensation to be consistent with the terms of Section 7.A and 7.B of this Contract); provided, if District terminates Employee's employment without cause during the first twelve (12) months of Employee's employment, then Employee shall be entitled to four (4) months salary at the rate in effect at the date of termination, plus those items listed hereinbefore under (2) and (3). If the Employee is convicted of a crime involving an abuse of her office or position (as defined in Government Code Section 5324.3.4, or its successor), the Employee shall be obligated to reimburse the District the full amount of the cash settlement listed hereinbefore under (1). Payment of any severance is expressly contingent on Employee releasing the District and its Board from any all claims relating to Employee's employment and the termination thereof, excluding any claims for workers' compensation or unemployment insurance.

Upon any allegation that Employee has engaged in conduct that would result in her termination "for cause" as defined below, Employee is entitled to address and attempt to rebut those allegations before the Board in a closed session prior to the Board making any final determination regarding the veracity of those allegations. In the event the Board, in its discretion, finds merit to the allegations and terminates for cause, the Employee shall not be entitled to any severance pay. Such determination shall be made by the Board in its sole discretion, subject to review in an evidentiary hearing, if requested by the Employee. The hearing shall be before a neutral hearing officer selected from a list supplied by the State Mediation and Conciliation Service, and the issue at the hearing shall be limited solely to whether or not there is sufficient evidence to support a finding of termination for cause such that the Employee would not be entitled to any severance pay. Under no circumstances shall the Employee be entitled to reinstatement to the position of General Manager as a result of such hearing. Following the hearing, the hearing officer shall submit his/her findings and decision to the District, which shall be final and binding. Termination shall be 'for cause' if the Employee: (1) acts in bad faith and to the detriment of the District; (2) refuses or fails to act in accordance with any specific direction or order of the District; (3) exhibits in regard to her employment unfitness or unavailability for service, unsatisfactory performance, misconduct, dishonesty, habitual neglect, or incompetence; (4) is convicted of a crime involving dishonesty, breach of

trust, or physical or emotional harm to any person; or (5) breaches any material term of this Contract.

**SECTION 3. COMPENSATION; RELOCATION EXPENSE REIMBURSEMENT**

A. District agrees to pay Employee for services rendered pursuant hereto at a rate of \$179,900.00 annually, payable in bi-weekly installments.

B. District agrees to reimburse Employee for reasonable relocation expenses Employee incurs in accepting employment as the District's General Manager in a not-to-exceed amount of \$10,000. The relocation expenses may include, not by way of limitation, but by way of example, routine household moving expenses, mileage expense calculated at the current applicable Internal Revenue Service allowable rate(s), other travel and transportation expenses, and interim housing costs, and will be reimbursed subject to the following requirements in addition to the maximum limit set forth herein: (1) reasonableness of the individual actual expenses, as determined by the Board, or a Board Officer, in their sole discretion; (2) sufficiently detailed documentation of the relocation expense including date, amount and description, along with evidence of Employee's prior payment, to meet the District's internal accounting standards and requirements; and (3) the relocation expense being reimbursed is incurred no later than December 31, 2012. As District has negotiated for a start date soon after execution of this Contract, qualifying reimbursable expenses may have been paid by Employee starting May 1, 2012. Employee agrees that any State or federal income or other tax consequences resulting from the District's reimbursement of the relocation expenses detailed in this section are her sole responsibility, to determine through consultation with her personal accountant(s), or otherwise, and that District has no responsibility relative to any such determination or characterization, or otherwise.

**SECTION 4. PERFORMANCE EVALUATION.**

A. The performance review and evaluation process set forth herein is intended to provide review and feedback to Employee so as to facilitate a more effective management of the District. Nothing herein shall be deemed to alter or change the employment status of Employee, nor shall this Section be construed as requiring "cause" to terminate this "Contract" or the services of Employee hereunder.

B. The Board will conduct the first performance evaluation of Employee no later than six (6) months from the Anniversary Date (December 25, 2012), a second performance evaluation no later than twelve (12) months from the Anniversary Date (June 25, 2013), and thereafter performance evaluations shall be conducted annually commencing on or about twelve

(12) months from June 25, 2013, and every twelve (12) months thereafter. In conjunction with each performance evaluation, District may consider any appropriate merit pay adjustments.

C. District agrees to prepare a written summary of each performance evaluation of Employee, and to include the same in her personnel file within two (2) weeks following conclusion of the review and evaluation process and shall schedule at least one (1) closed personnel session with Employee to deliver and discuss the performance evaluation.

#### SECTION 5. HEALTH & WELLNESS.

District shall provide to Employee the same group medical, dental, vision, life and long-term disability insurance programs, as well as any retirement benefits, if any, as are afforded to other management employees of District in accordance with current policies or as such policies are revised or amended from time to time in the future. This section is interpreted consistently with those policies, as amended if applicable.

#### SECTION 6. PROFESSIONAL DEVELOPMENT AND BUSINESS EXPENSES.

A. If consistent with annual budgetary proceedings and when approved in advance by the Board President, or in his/her absence another Board Officer, District agrees to pay reasonable: (i) travel and subsistence expenses of Employee for professional and official travel to and from attendance at conferences, seminars, and meetings; and (ii) professional dues, books, and subscription expenses necessary and desirable to continue the professional development of Employee and to adequately pursue necessary official and other functions for District, including national, regional, state, and local governmental groups and committees thereof which Employee and/or District serves as a member.

B. If consistent with annual budgetary proceedings, the District agrees to pay such other reasonable expenses related to Employee's performance of the duties stated herein.

Employee's professional development and business expenses are governed in accordance with existing District policies, or as such policies are revised from time to time in the future, and are more fully set forth therein. This section is interpreted consistently with those policies, as amended if applicable.

## SECTION 7. HOURS AND BENEFITS.

A. Employee shall be entitled to four (4) weeks (160 hours) of vacation time per year. Employee shall accrue paid vacation time according to the same schedule as is accorded division head employees of the District as set forth in District policies, as such policies may be amended from time to time in the future. Employee has discretion to schedule her vacation so long as that vacation is scheduled in such a way as to avoid unnecessary detriment to the District's operations. Employee will provide reasonable notice to the Board, of scheduled vacation dates and will identify employees who will perform the Employee's duties during her absence. This section is interpreted consistently with those policies, including but not by way of limitation, SECTION 4(A) of the *Personnel & Salary Policy (May 2, 2012)*, as amended if applicable.

B. Employee shall accrue paid sick/personal leave at the same rate and on the same terms as are afforded to other management employees of District, as set forth in District policies, as such policies may be amended from time to time in the future. This section is interpreted consistently with those policies, as amended if applicable.

C. Employee shall be entitled to paid holidays according to the same schedule as is afforded management employees of the District, as set forth in District policies, as such policies may be amended from time to time in the future. This section is interpreted consistently with those policies, as amended if applicable.

D. Employee shall receive a monthly vehicle allowance in an amount consistent with the amount provided to other designated management employees of the District (which may be changed from time-to-time in accordance with the District policies as specified below in this paragraph), payable in lieu of mileage and any other vehicle-related costs and expenses. Employee agrees the vehicle allowance covers all vehicle costs and expenses that may be incurred by Employee in connection with the use of her private vehicle for District business, including but not limited to insurance, maintenance and fuel costs. Employee's use of her private vehicle while conducting District business is governed by the District policies, including District's *Vehicle and Equipment Policy, Article X, of the District's Administrative Policies*.

E. Employee shall be provided, at the District's expense, a District cell phone or smart phone, and laptop computer or tablet to be used for District business. The provision of a District phone and laptop computer or tablet and related expenses are governed in accordance with existing District policies, and as such policies may be amended from time to time in the future, and are more fully set forth therein. This section is interpreted consistently with those policies, as amended if applicable.

F. Employee shall report to District's offices for work five (5) days per week during normal business hours and at such other times as may be necessary to discharge her duties, except when away on business for the District or as otherwise excused by the Board President, or in his/her absence any other Board Officer, in writing (including an email communication). This provision shall not be interpreted to require that Employee obtain written approval prior to scheduling Employee's vacation. Employee has discretion to schedule her vacation so long as

that vacation is scheduled in such a way as to avoid unnecessary detriment to the District's operations. Employee will provide reasonable notice to the Board of Employee's scheduled vacation dates and will identify employees who will perform the Employee's duties during her absence.

G. District shall pay for all official bonds required for the office of the General Manager.

H. Provided Employee otherwise qualifies, District shall annually contribute two percent (2%) of Employee's annual salary on Employee's account to District's 401(a) Money Purchase Plan. The 401(a) Money Purchase Plan contribution shall be made in equal monthly installments in conformance with District's regular payroll procedures. Assuming eligibility, Employee may at her option participate in the District's 457 Deferred Compensation Plan. Employee's participation in these plans shall be in accordance with official plan documents and related District policies, if any, as such plans or policies may be amended from time to time in the future. This section is interpreted consistently with those plans and those policies, as amended if applicable.

I. Employee shall be a member of District's retirement plan adopted and existing pursuant to contract with the State of California Public Employees' Retirement System ("PERS") in accordance with official plan documents and related District policies, as such plan or policies may be amended from time to time in the future. This section is interpreted consistently with that plan and those policies, as amended if applicable.

J. Provided Employee otherwise qualifies, Employee shall also be provided the option of participating in a deferred tax retirement plan authorized under Section 414(h) of the Internal Revenue Code, for which the District will have no obligation to contribute. Assuming eligibility, Employee may at her option participate in the Section 414(h) plan. Employee's participation in this plan shall be in accordance with official plan documents and related District policies, if any, as such plan or policies may be amended from time to time in the future. This section is interpreted consistently with that plan and those policies, as amended if applicable.

K. Subject to amendment from time to time at the discretion of the District, the Employee will also be provided with the following additional benefits:

(1) Paid jury duty for a maximum of fifteen (15) days, as described in the District's *Personnel and Salary Policy (May 2, 2012)* at SECTION 4(K).

(2) An annual paid, comprehensive medical exam, as described in the District's *Personnel and Salary Policy (May 2, 2012)* at SECTION 4(R).

Except as specifically provided herein, Employee shall not receive any other compensation or benefits for performance of the services described hereunder.

SECTION 8. GENERAL PROVISIONS.

A. This Contract shall constitute the entire agreement between the parties hereto.

B. This Contract shall be governed by the laws of the State of California.

C. This Contract shall be binding upon and inure to the benefit of the heirs at law and executors of Employee.

D. Any assignment of the rights or obligations of Employee hereunder without the express approval of District shall be void.

E. No waiver, alteration, or modification of any of the provisions of this Contract shall be valid and binding unless in a writing executed by the parties hereto.

F. This Contract integrates all of the terms and conditions mentioned herein, or incidental hereto, and this Contract supersedes all negotiations and previous agreements between the parties with respect to all or any part of the subject matter hereof. This Contract wholly supersedes and replaces the terms of any prior agreements, and any rights contained in such agreement. This Contract also incorporates by reference the District policies, as currently enacted and as amended in the future. Where in conflict, the provisions of this Contract supersede the District policies, including any revisions or amendments thereto.

G. If any provision or any portion thereof, contained in this Contract is held to be unconstitutional, invalid, or unenforceable, the remainder of this Contract or portion thereof, shall not be affected, and shall remain in full force and effect.

H. Employee acknowledges that she has had the opportunity to consult legal counsel in regard to this Contract, that she has read and understands this Contract, that she is fully aware of its legal effect, and that she has entered into it freely and voluntarily and based on her own judgment and not on any representations or promises other than those contained in this Contract.

[remainder of this page blank]

IN WITNESS WHEREOF, the Moulton Niguel Water District has caused this Contract to be signed and duly executed by its President, and the Employee has signed and executed this Contract, both in duplicate, as of the day and year first above written.

DISTRICT:

MOULTON NIGUEL WATER DISTRICT

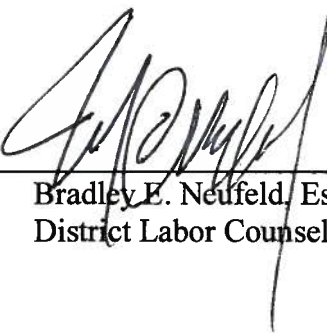
By:   
Larry McKenney, Board President

EMPLOYEE:

JOONE K. LOPEZ

By: 

APPROVED AS TO FORM:

By:   
Bradley E. Neufeld, Esq.  
District Labor Counsel



## EXHIBIT "A"

### MOULTON NIGUEL WATER DISTRICT

#### GENERAL MANAGER JOB DESCRIPTION

##### Summary:

Under the direction of the Board of Directors, the General Manager serves as agent of the Board of Directors in planning, directing, managing, and overseeing the services, activities, and operations of the District including Administration, Engineering, Finance, Operations, Human Resources, Customer Service and Community Relations; serves as chief executive officer of the District ensuring that services and operations are delivered in an efficient and effective manner; implements policy decisions made by the Board of Directors; facilitates the development and implementation of District goals and objectives; and provides thorough administrative support to the Board of Directors.

##### Duties and Responsibilities:

1. Serve as chief executive officer of the Moulton Niguel Water District; assume full management responsibility for all District operations, services, and activities; plan, direct, manage, and oversee the activities and operations of the District including Administration, Engineering, Finance, Operations, Human Resources, Customer Service and Community Relations.
2. Facilitate the development, implementation, and administration of District goals and objectives; interpret and implement policies and goals set by the Board of Directors; provide for adequate guidelines for management to implement new or revised policies or procedures.
3. Direct and participate, with division head cooperation, in the development and administration of the District's budget; prepare long-term plans of capital improvements and repair and replacement of District facilities, including financial plans; approve the forecast of funds needed for staffing, equipment, materials, and supplies; approve expenditures and implement budgetary adjustments as appropriate and necessary.
4. Establish organizational standards and objectives; establish, within District policy, appropriate service and staffing levels; monitor and evaluate the efficiency and effectiveness of service delivery methods and procedures; allocate resources accordingly, and periodically review and recommend changes to District policies for improving efficiencies, reducing costs and improving customer service.
5. Assure that the Board of Directors are informed of activities of the District and the extent to which objectives are being met; discuss possible agenda items with the Board and management staff; determine items to be presented; review agenda and items to be presented prior to meeting; and timely present legislative and legal updates or requirements to the Board of Directors

Title: General Manager

Division: Executive

Duties and Responsibilities, continued:

6. Provide staff assistance to the Board of Directors; prepare, submit, and present staff reports and other necessary correspondence and recommendations to the Board of Directors on issues for its consideration and action; oversee the preparation and administration of Board agendas; keep Board of Directors advised of financial conditions, program progress, and present and future needs of the District; prepare recommendations and advise the Board of Directors on matters requiring legislative action; carry out direction of the Board by assigning tasks and evaluating results.
7. Coordinate with efforts of the District's legal counsel in the presentation and resolution of matters requiring legal attention and inform Board of litigation and/or potential liability.
8. Encourage cooperative efforts of all division heads; develop subordinates through delegation of authority, monitoring performance and providing feedback and counseling to key personnel. Evaluate personnel needs of the District and skill levels required in key management positions; make or approve personnel selections at the division head level; be responsible for making all personnel selections at levels below division head level and provide for the annual written performance evaluations of division heads and other employees, as required.
9. Select, or review the selection of consultants; approve capital expenditures within established authorization limits.
10. Represent the District in meetings and discussions with employees, customers, the public, government officials, regulators, attorneys, and contractors in order to promote the District's goals and objectives and resolve issues.
11. Communicate and interface with general managers in other districts; negotiate agreements with other districts at the local, regional or state level.
12. Provide for an effective community image through presentation to community groups and membership in local and civic organizations; maintain contacts with the media and community leaders.
13. Provide positive and constructive leadership and management.
14. Perform other special projects as required.
15. Implement the District's Long Range Plan and at least annually review such plan and recommendations thereto with the Board of Directors.

Title: General Manager

Division: Executive

Qualifications:

1. Requires any combination equivalent to the completion of a bachelor's degree in public or business administration, accounting, finance, engineering or engineering management. A master's degree is desirable.
2. Seven to ten years increasingly responsible senior management and supervisory positions, including seven years supervisory experience of which three to five should be in the water, wastewater and /or utility industry, or as city manager in a city with a population of 60,000 or more.
3. Must maintain a valid California driver's license and a safe driving record.

Physical Requirements:

Ability to communicate orally with the Board of Directors, District management, staff, and the public in face-to-face, one-on-one and group settings. Regularly use a telephone for communication. Use office equipment such as a personal computer, copier and facsimile machines. Sit and/or stand for extended time periods. Hearing and vision required to be within normal ranges. Carry, push, pull, reach and lift up to 25 lbs. routinely. Read at, above, and below shoulder height. Occasionally stoop, kneel or crouch. Sufficient manual dexterity required to operate equipment. Position requires travel by automobile to conduct District business.

Conduct Standard:

Provide positive and constructive leadership and management, and maintain the highest ethical standards. Interact with Board of Directors, employees, customers, and the public in a positive, cooperative, and supportive manner.