

EMPLOYMENT AGREEMENT FOR GENERAL MANAGER

This Agreement, dated as of December 20, 2018, is between the RUBIDOUX COMMUNITY SERVICES DISTRICT (“District”), and STEVEN W. APPEL (“Employee”) and shall become fully effective May 16, 2019. District and Employee agree to the following terms and conditions of employment.

RECITALS

WHEREAS, Employee was originally employed as the Assistant General Manager of the District in August 8, 1994; and

WHEREAS, Employee was promoted to the position of Assistant General Manager/District Engineer in 1998; and

WHEREAS, District desires to engage the services of Employee as the District's General Manager/District Engineer; and,

WHEREAS, both parties hereto agree to the terms of said continued employment;

NOW THEREFORE, IN CONSIDERATION of the mutual covenants and promises of the parties hereto, and upon the express terms and conditions hereinafter set forth, it is agreed by and between the parties as follows;

COVENANTS

1. **Term of Employment.** The District hereby employs the Employee and the Employee accepts employment with the District for a period of three years (36 months) beginning May 16, 2019, and concluding on June 30, 2022; however, this Agreement may be terminated earlier as hereinafter provided.
2. **At-Will Employment.** Employee is an at-will employee who shall serve at the pleasure of the Board of Directors (“Board”). The terms of the District’s personnel rules, policies, procedures, ordinances, or resolutions (“Personnel Policies”) as they relate to termination of employment and discipline shall not apply to Employee, and nothing in this Agreement is intended to, or does, confer upon Employee any right to any property interest in continued employment, or any due process right to a hearing before or after the decision to terminate his employment with cause. Nothing in this Agreement shall prevent, limit, or otherwise interfere with the right of Employee to resign at any time from his position with the District upon thirty (30) days’ notice, subject only to the provisions set forth in Section 12 of this Agreement.
3. **Duties of Employee.** The Employee is hereby hired as the District General Manager/District Engineer and shall work for the Board of Directors of said District within the District and at such other places as may be necessary. Employee’s duties and responsibilities shall be as set forth in the Community Services District Law, by District ordinance, resolution and/or action of the Board of Directors from time to time, and shall include any and all existing and hereafter adopted applicable laws, rules, regulations and guidelines of District, the State of California, or other agencies having jurisdiction within the District.

Employee agrees that to the best of his abilities and experience he will at all times loyally and conscientiously perform all of the duties and obligations required of him either expressly or implicitly by the terms of this Agreement.

Employee shall devote his entire productive time, ability, and attention during work hours to the business of the District during the term of this Agreement; however, the expenditure of reasonable amounts of time for educational, charitable, or professional activities shall not be deemed a breach of this Agreement if those activities do not materially interfere with the services required under this Agreement and shall not require the written consent of the District's Board of Directors.

4. Compensation. From the date first written above through May 15, 2019 (or as modified below), the Employee shall receive compensation of Twenty Thousand Dollars and no cents (\$20,000.00) per month as transitional compensation. All other current benefits received by the Employee shall continue.

As compensation for services rendered under this Agreement, beginning May 16, 2019 (or earlier if mutually agreed by the District and Employee), the Employee shall receive compensation of Twenty-One Thousand Six Hundred Sixty Seven Dollars and no cents (\$21,667.00) per month, said compensation shall be paid in the same manner as other District employees are paid and shall be subject to appropriate withholdings (including cash benefit). Should this Agreement be terminated other than on the first workday of a month, the monthly compensation shall be prorated for that month. Employee, as an executive employee, is exempt from overtime payments and entitlements under state and federal laws.

5. Adjustment to Compensation. Within sixty days (60) from the anniversary date of this Agreement, the District and Employee agree to meet annually for the purpose of evaluating the Employee's performance. The District and Employee shall meet and discuss in good faith a merit adjustment to the annual base salary. The District and the Employee agree subject merit adjustment shall not be less than 3% and not more than 5% per annum. Merit adjustments to the employee's base salary shall be an effective date of May 16 of each Fiscal Year beginning May 16, 2020.

The District shall only offer a reduction in salary to the Employee if the District Board of Directors has reduced all other District employee's salaries. Any such reduction shall be equal to the percentage of across-the-board reduction of all District employees' salaries. If the proposed reduced compensation offer is not acceptable to the Employee, the Employee agrees to continue to perform at the existing base compensation through the end of the calendar year, December 31.

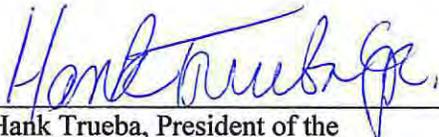
6. Cost of Living Adjustment. Employee shall be entitled to an annual Cost of Living Adjustment (COLA) to employee's base salary. The annual COLA shall be determined and calculated by the Consumer Price Index (CPI) for the greater Riverside/San Bernardino/Ontario area for the previous twelve (12) calendar months ending in April. The annual COLA as computed by the Riverside/San Bernardino/Ontario CPI shall not exceed 3% per annum or decrease below 1% per annum. In the event the CPI index compute higher or fall below the range identified above, both parties agree to meet and confer any adjustment to the cost of living range. Adjustment to the COLA range shall be mutually agreed upon by both parties. The annual Cost of Living Adjustment to the employee's base salary shall have an effective date of July 1, of each Fiscal Year beginning July 1, 2019.

7. Expenses. Employee shall be reimbursed for any actual out-of-pocket expenses incident to services performed on behalf of District, including professional activities, such a travel expenses, in accordance with policies for reimbursement as adopted by the District Board of Directors.
8. Employee Benefits. District agrees to provide Employee with any and all applicable employee benefits that are currently provided by virtue of his continued employment. Including full payment of health benefits (medical, dental, and vision), provide twenty-five (25) days per year vacation, four (4) days per year administrative leave and thirteen (13) days per year sick leave (the above is based upon eight-hour work days). Benefits may be either increased or decreased by mutual agreement of the parties hereto. Both parties hereto agree that Employee shall be entitled to receive full payment for any unused vacation and accrued sick leave, without limitation as to accumulation, upon expiration of the agreement or termination of employment with the District.
9. CalPERS Retirement. Employee shall retain his qualification for retirement under the CalPERS plan of three percent (3%) at the age of sixty (60). District will contribute the Employer portion and the Employee will pay the Employee portion of CalPERS Retirement.
10. Deferred Compensation. Employee shall be entitled to participate in the District's Deferred Compensation plan and the District shall contribute five percent (5%) of Employee's salary.
11. Vehicle. The District shall furnish Employee with a vehicle and shall provide for the fueling, insurance and maintenance thereof. The District agrees to replace the automobile every five-years, exclusive of mileage. The District vehicle shall be used for District business and limited discretionary personal use.
12. Termination. The Board may terminate Employee at any time either with or without cause. Employee shall have no vested property interest in this position, but shall have the right to a hearing on any such decision to terminate. "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 the Employee; (vi) inability to perform the essential functions of the position for 90 or more days within any 120 day period; (vii) insubordination, (viii) theft or attempted theft; (ix) material dishonesty; (x) willful or persistent material breach of duties; (xi) engaging in unlawful discrimination or harassment of employees or any third party while on District premises or time; (xii) unauthorized absence for more than three (3) days; and (xiii) other material violation of District policies or rules. Employee shall be entitled to a post-termination appeal before the Board, or its designee, by delivering a request for appeal to the Board President within ten (10) days of the date of the notice of termination. Following this administrative appeal, should the Board, or its designee, find that there was not cause to terminate this Agreement, Employee shall only be entitled to the severance payment referenced in section 13.
13. Severance Pay. In the event that the District elects to terminate this Agreement without cause the Employee shall be entitled to thirty (30) days' notice and either an additional six (6) months of compensation or the total compensation due for the remaining term of the contract, whichever is greater. In the event that Employee is terminated with cause, Employee shall be entitled to thirty (30) days' notice and an additional six (6) months' salary as severance pay.
14. Amendment. This Agreement may be amended or modified only in written agreement signed by both parties and failure on the part of either party to enforce any provisions of this Agreement shall not be construed as a waiver of the right to compel enforcement of such provision.

15. Expiration. Negotiations concerning a subsequent agreement shall commence on or before ninety (90) days prior to expiration. Should this Agreement expire without agreement having been reached as to a subsequent agreement, this agreement shall continue in effect on a pro-rata month-to-month basis.
16. Assignment. The Employee may not assign or otherwise encumber this agreement in whole or part. Any such assignment or encumbrance shall be void.

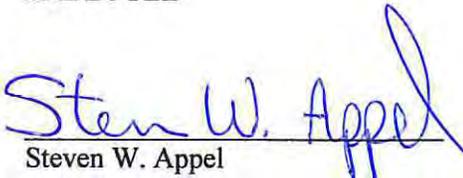
IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first written above.

DISTRICT



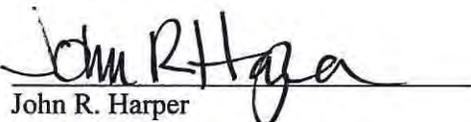
Hank Trueba, President of the
Rubidoux Community Services District
Board of Directors

EMPLOYEE



Steven W. Appel

DISTRICT COUNSEL



John R. Harper