



EMPLOYMENT AGREEMENT

FY 2018-20

THIS AGREEMENT is made and entered effective this 28th day of December, 2018, by and between THREE VALLEYS MUNICIPAL WATER DISTRICT (hereinafter referred to as “DISTRICT”) and MATTHEW LITCHFIELD (hereinafter referred to as “EMPLOYEE”).

RECITALS

A. WHEREAS, the DISTRICT is a municipal water district organized and operating pursuant to California Water Code Section 71000 et seq., and is governed by a Board of Directors (hereinafter referred to as “BOARD”) composed of elected representatives from the seven divisions that comprise the DISTRICT. (The BOARD and the EMPLOYEE are sometimes collectively referred to herein as the “PARTIES.”)

B. WHEREAS, the BOARD desires to employ the services of EMPLOYEE as General Manager of the DISTRICT for the term specified herein.

C. WHEREAS, the BOARD desires to provide certain benefits, establish certain conditions of employment, and set certain working conditions of said EMPLOYEE.

D. WHEREAS, the BOARD desires to (1) secure and retain the services of EMPLOYEE, (2) ensure EMPLOYEE’s morale, and (3) provide a just means for terminating EMPLOYEE’s services at any time during the term of employment by the DISTRICT.

E. WHEREAS, the BOARD has determined to secure the continued services of EMPLOYEE to meet the needs of the DISTRICT, to provide for the general supervision and direction of DISTRICT staff, operations, and activities, under the direction of the BOARD, and to perform all other duties required or deemed necessary by the BOARD.

F. WHEREAS, the BOARD finds and determines that it is in the best interest of the DISTRICT to enter into an Employment Agreement with EMPLOYEE under the terms and conditions set forth herein.

G. WHEREAS, EMPLOYEE desires to accept employment as General Manager of said DISTRICT under the terms and conditions set forth herein.

COVENANTS

NOW, THEREFORE, in consideration of the foregoing Recitals and the mutual promises and conditions contained herein, the parties hereto agree as follows:

1. Incorporation of Recitals. The foregoing Recitals, and each of them, are hereby incorporated herein as though set forth in full.

2. Duties and Authority. The DISTRICT shall employ EMPLOYEE as the General Manager of the DISTRICT, with full power and authority to perform all applicable statutory functions and duties and to comply with all ordinances, resolutions, policies, and/or minute actions of the BOARD, and all applicable laws, rules, regulations, and guidelines of the State of California and/or other agencies having jurisdiction within or over the DISTRICT. EMPLOYEE's duties shall include, but shall not be limited to, supervising the DISTRICT's personnel and financial matters, attending meetings of the BOARD and its Committees, supervising the administration of all operations of the DISTRICT, subject to policies set by the BOARD, and managing and conducting all of the business of the DISTRICT. In addition, EMPLOYEE shall perform any special duties assigned or delegated to him by the BOARD.

3. Restrictions on Outside Business Activities. In order that nothing interfere with the performance of EMPLOYEE's duties under this Agreement or create any conflict of interests during his employment, EMPLOYEE shall devote

his full energies, interest, abilities, and productive time to the satisfactory performance of this Agreement and shall not engage in any other outside business activities except as otherwise approved by the BOARD.

4. Term of Employment. Subject to negotiated extension or earlier termination as provided for in this Agreement, EMPLOYEE shall be employed by the DISTRICT for a period beginning on the effective date of this Agreement and terminating on June 30, 2020.

5. Compensation. During the term of this Agreement, the DISTRICT shall pay to EMPLOYEE an annual Base Salary in the amount of \$220,000.00, subject to possible adjustment pursuant to Paragraph 8 below. The term "Base Salary" as used herein shall mean EMPLOYEE's annual gross compensation, exclusive of retirement contributions made on behalf of EMPLOYEE and the cost of any insurance or other benefits made available to EMPLOYEE. Base Salary shall be payable to EMPLOYEE in pro rata installments consistent with the DISTRICT's regular pay period cycles, and subject to appropriate withholdings. Should this Agreement be terminated pursuant to Paragraphs 9(b) and 9(c) below on a date other than the first day of a month, the Base Salary compensation shall be further prorated for that month.

6. Benefits. During the employment term, EMPLOYEE shall be entitled to receive the same level of employment benefits generally provided by BOARD-approved policy of the DISTRICT.

7. Professional Development Allowance. Subject to the BOARD's sole discretion, the DISTRICT shall pay the reasonable amount of expenses incurred by EMPLOYEE during the term of this Agreement for professional dues, licenses, subscriptions, and official travel, meals, and subsistence.

8. Performance Evaluation. The BOARD shall evaluate the performance of EMPLOYEE on or before June 30, 2019, or more often at the BOARD's discretion. Such evaluation(s) shall be used as a basis for determining in the exercise of the BOARD's sole discretion any changes to Base Salary and/or other employment benefits, as well as EMPLOYEE's work plan for the next fiscal year.

9. Termination of Agreement.

(a) Termination by Board. EMPLOYEE serves at the pleasure of the BOARD. The BOARD may, forthwith and without prior notice, terminate this Agreement with or without cause. If termination occurs before July 1, 2019, the DISTRICT shall make, as an agreed-upon severance, a lump-sum payment to EMPLOYEE in an amount equal to his Base Salary prorated over a period of three (3) months. If termination occurs on or after July 1, 2019, the DISTRICT shall make, as an agreed-upon severance, a lump-sum payment to EMPLOYEE in an amount equal to his then-current Base Salary prorated over the balance of the unexpired term of this Agreement as set forth in Paragraph 4 above, or over a period of six (6) months, whichever is less.

(b) Termination on Resignation. EMPLOYEE may terminate this Agreement by giving the BOARD at least thirty (30) days, or more if possible, prior written notice of resignation. Should EMPLOYEE voluntarily terminate this Agreement, he will not be due any severance pay as provided for under subparagraph (a) above.

(c) Termination on Death. If EMPLOYEE dies during the term of this Agreement, this Agreement shall be terminated on the last day of the calendar month of his death. All accrued benefits which have a cash value shall be paid to EMPLOYEE's beneficiary within thirty (30) days of the termination date or on a later date at the election of said beneficiary.

10. Miscellaneous Provisions.

(a) Integration. This Agreement contains the entire agreement between the PARTIES and supersedes all prior oral and written agreements, understandings, commitments, and practices between the PARTIES, including all prior employment agreements, whether or not fully performed by EMPLOYEE before the date of this Agreement. No amendment to this Agreement may be made except by a writing signed by the PARTIES.

(b) Severability. If any provision of this Agreement is held invalid or unenforceable, the remainder of this Agreement shall nevertheless remain in full force and effect. If any provision is held invalid or unenforceable

as applied to particular circumstances, it shall nevertheless remain in full force and effect in all other circumstances.

(c) Arbitration. Any dispute or claim arising out of or relating to this Agreement, except for the termination provisions of Paragraph 9 above, may be settled by arbitration. Arbitration may be initiated by either the EMPLOYEE or the BOARD. The PARTIES shall promptly appoint a neutral arbitrator who shall take such actions, interview such persons and review such information and documents as he/she may deem necessary, and conduct an informal hearing in which both PARTIES and their respective witnesses may present information and argument. The PARTIES shall each be permitted to examine all documents presented to the arbitrator and shall have a reasonable opportunity to respond to them.

(d) Agreement is Binding. This Agreement shall be binding upon and inure to the benefit of the DISTRICT, its successors and assigns, and shall be binding upon EMPLOYEE, his administrators, executors, legatees, heirs, and assigns.

(e) Assignment. EMPLOYEE may not assign or otherwise encumber this Agreement in whole or in part. Any such attempted assignment or encumbrance shall be null and void.

(f) Notices. Any notice to the BOARD required or permitted under this Agreement shall be given in writing to the BOARD either by personal delivery, or by certified mail, return receipt requested, postage prepaid, to the BOARD at the DISTRICT's then principal place of business. Any such notice to EMPLOYEE shall be given in a like manner and, if mailed, shall be addressed to EMPLOYEE at his home address then shown in the DISTRICT's files. For the purpose of determining compliance with any time limit in this Agreement, a notice shall be deemed to have been duly given (i) on the date of personal delivery, or (ii) on the second business day after mailing, if mailed to the party to whom the notice is to be given in the manner provided in this subparagraph.

(g) Waiver. The failure of any PARTY to insist on strict compliance with any of the terms, covenants, or conditions of this Agreement by the other PARTY shall not be deemed a waiver of that term, covenant, or

condition, nor shall any waiver or relinquishment of any right or power for all or any other times.


IN WITNESS WHEREOF, PARTIES have executed this Agreement to be effective on the day and year first above written.

EMPLOYEE

DISTRICT



Matthew Litchfield



Bob G. Kuhn, President
Board of Directors
Three Valleys Municipal Water District

Dated: 10/22/18

Dated: 10/31/2018

GM Compensation

Employment Agreement signed October 31, 2018
Effective December 28, 2018 \$ 220,000

Board approved compensation adjustment approved May 15, 2019
Effective July 1, 2019 \$ 230,000