EMPLOYMENT AGREEMENT

COPY

This AGREEMENT, effective October 25, 2018, ('effective date'), is entered into by and between DIABLO WATER DISTRICT, a public agency ('District'), and DANIEL MUELRATH, an individual ('Employee').

Recital

Diablo Water District desires to employ Employee as an Assistant General Manager commencing December 3, 2018, and then as General Manager and Secretary of the District effective January 1, 2019.

The Board of Directors ("Board"), as appointing power, and Employee desire to agree in writing to the terms and conditions of Employee's employment with the District as stated herein.

Terms and Conditions

1. EMPLOYMENT AND DUTIES.

(a) The District agrees to employ Employee as an Assistant General Manager effective December 3, 2018, and then as General Manager and Secretary of the District, effective January 1, 2019, at which time he shall commence to perform the functions and duties of the General Manager and Secretary of the District as specified in the California Water Code and to perform other legally permissible and proper duties and functions as the Board of Directors may from time to time assign. Such employment shall be "at will," meaning that the Employee serves at the pleasure of the Board and may be released from employment at any time, with or without cause.

(b) Employee shall perform his duties to the best of his ability in accordance with the highest professional ethical standards of the profession and shall comply with all rules and regulations established by the District.

(c) Employee shall not engage in any activity which is or may become a conflict of interest, prohibited contract, or which may create an incompatibility of office as defined under California law. Prior to performing any services under this Agreement and annually thereafter, the Employee must complete disclosure forms required by law.

(d) Employee is an exempt employee and in accordance with Regulation 106, Employee shall have a 9/80 work schedule (80 regular hours in a two week period over 9 days) but is expected to engage in those hours of work that are necessary to fulfill the obligations of Employee's position commencing December 3, 2018. However, it is recognized that Employee must devote significant time to the business of the District outside of the District's customary office hours, and to that end the Employee's schedule of work each day and week shall vary in accordance with the work required to be performed and in accordance with any specific direction provided by the Board.

2. TERM.

(a) The term of the Agreement shall be from the date of execution hereof by both parties until June 30, 2021, and may be renewed for subsequent one-year terms thereafter as determined by the Board. Any such renewal must be in writing and approved by both the District and Employee.

(b) Employee shall not engage in any employment or business other than his position with the District during his term of employment and any renewals. The aforementioned shall not preclude the Employee from having investments that do not encroach on his role as the General Manager of the District. Employee warrants that there are no agreements or arrangements, whether written or oral, in effect that would prevent Employee from rendering exclusive services to the District during the term of this agreement and that Employee has not and will not make any commitment or do any act in conflict with this agreement.

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3. RESIGNATION AND TERMINATION.

(a) Employee may resign at any time with or without cause and agrees to give the District at least 60 days advance written notice of the effective date of his resignation.

(b) The District may at any time terminate Employee upon 30 days advance written notice. At the District's option, this 30-day notice period may be satisfied by 30-days actual notice or payment of 30-days' salary with an immediate separation.

(c) The parties recognize and affirm that: (1) Employee is an "at will" Employee whose employment may be terminated by the District without cause, and (2) there is no express or implied promise made to Employee for any form of continued employment for any particular period of time, despite the existence of a term of expiration in this Agreement. This Agreement is the sole and exclusive basis for an employment relationship between Employee and the District.

(d) The decision to terminate shall be made in closed session and confirmed in a public meeting. In recognition of Employee's professional status and integrity, Employee and the Board shall endeavor to prepare a joint public statement to be made by the Board at the public meeting when termination is confirmed.

(e) The Employee may choose to resign his office instead of being terminated if an action by the Board to terminate has been made in closed session. In such an event, the public announcement as provided for in paragraph 3 (d) above will note Employee has resigned, and paragraph 3 (d) remains applicable.

4. SEVERANCE PAY.

If Employee is terminated by the Board prior to expiration of this Agreement, or any extension thereof, while Employee is still willing and able to perform the duties of General Manager and Secretary, the District agrees to pay Employee a cash payment equal to four (4) months' salary (paid, at the District's option, in a lump sum or pro rata

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in four (4) equal installments over a four-month period), or the time remaining in the contract, whichever is less. To be eligible for such payment, and as an express condition precedent to receiving such payment, Employee shall execute (and not revoke) a full and complete release of any and all claims, to the full extent permitted by law, against the District, its officers, directors, employees and affiliated entities.

Provided however, if Employee is terminated because of conviction of a felony or any criminal offense involving moral turpitude or because of his willful breach or habitual neglect of his duties under this Agreement, then the District shall have no obligation to continue the employment of Employee or to pay the severance set forth in this paragraph. Further, if the contract is permitted to expire on its own terms, no severance payment shall be due.

5. SALARY

(a) THE DISTRICT agrees to pay Employee $17,500.00 in gross salary per month for his services (prorated for the first month of employment) and subject to customary withholdings and payroll taxes.

(b) Thereafter and subject to an annual evaluation of performance, the District may (in its sole discretion) increase Employee's compensation effective July 1, of each year. Not more than once annually, Employee shall be entitled to any standard cost of living adjustment provided to the other employees of the District.

(c) The salary compensation provided in this paragraph shall not be decreased unless such decrease is applied to all employees.

6. CAR ALLOWANCE.

Employee's duties require that he shall have the use of an automobile at all times during his employment with the District. The District shall provide a cash car allowance of $400 per month to the Employee. The District shall also compensate Employee at the then most recently published Standard Mileage Rate by the Internal Revenue Service for

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use of his personal vehicle for District business requiring him to travel in excess of 25 miles beyond the District boundaries on any day (not including commute miles).

7. SUPPLEMENTAL BENEFITS.

The District shall also provide the Employee the same categories of benefits as provided to other District employees and as they may be amended from time to time. All actions taken by the District relating to benefits for employees shall be considered actions granting the same benefits to Employee. As used herein, benefits include but are not limited to retirement, holidays, health insurance, vision insurance, dental insurance, disability insurance, and life insurance in accordance with current District benefit program policies.

8. VACATION AND SICK LEAVE.

(a) In computing Employee's vacation entitlement under District Regulation No. 106, 10 years will be added to the period of employment for the purpose of calculation employee's annual vacation entitlement.

(b) The Employee will be granted an initial bank of 160 hours of sick leave and accrue sick leave in accordance with Regulation Number 106.

9. ADMINISTRATIVE LEAVE.

Employee shall receive five (5) administrative leave days per year starting January 1, 2019, and each January 1, thereafter.

10. PROFESSIONAL DEVELOPMENT.

(a) THE DISTRICT agrees to budget and pay for the professional dues and subscriptions that the Board deems reasonably necessary for the General Manager's continued and full participation in national, state and local associations and organizations.

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(b) THE DISTRICT agrees to budget and pay the travel and sustenance expenses that the Board deems reasonably necessary that are associated with General Manager's professional and official travel, meetings, and occasions adequate to continue professional development. All expenses shall be documented with receipts.

11. PERFORMANCE EVALUATION.

The Board shall evaluate Employee's performance by June 30, 2019, and annually thereafter.

12. OTHER TERMS AND CONDITIONS OF EMPLOYMENT.

The Board, by resolution, shall fix any other terms and conditions of employment, as it may determine from time to time, relating to the performance of Employee, provided such terms and conditions are not inconsistent with provisions of this Agreement or law.

13. NOTICES

Any notices required by this Agreement shall be in writing and either given in person or by first class mail with the postage prepaid and addressed as follows:

TO THE DISTRICT: President of the Board of Directors
Diablo Water District
P. O. Box 127
Oakley, CA 94561

TO EMPLOYEE: Daniel Muelrath
3196 Rocklin Drv.
Santa Rosa, CA 95405

14. CONFIDENTIALITY

During this Agreement, Employee may be exposed to or possess proprietary confidential and trade secret information of the District. Employee agrees not to use for

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his personal benefit any such information either during the term of this Agreement or thereafter.

15. ENTIRE AGREEMENT

This Agreement is the final expression of the complete agreement of the parties with respect to the matters specified herein and supersedes all prior oral or written understandings. Except as prescribed herein this Agreement cannot be modified except by mutual agreement signed by the parties.

16. ASSIGNMENT

This Agreement is not assignable by either the District or Employee.

17. SEVERABILITY

In the event that any provision of the Agreement is finally held or determined to be illegal or void by a court having jurisdiction over the parties, the remainder of the Agreement shall remain in full force and effect unless the parts found to be void are wholly inseparable from the remaining portion of the Agreement.

18. COUNTERPARTS

This Agreement shall be executed simultaneously in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

19. GOVERNING LAW

This Agreement shall be governed by the laws of the State of California, without regard to conflicts of laws principles.

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IN WITNESS WHEREOF, THE DISTRICT has caused this Agreement to be signed and executed in its behalf by its President of the Board of Directors. It has also been executed by the Employee.

Daniel Muelrath, Employee — 10-24-18 DATE

Edward Garcia, President
Board of Directors
Diablo Water District — 10/24/2018 DATE

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