

## EMPLOYMENT AGREEMENT

This is an Employment Agreement (“Agreement”), effective as of July 13, 2015 (“Effective Date”) between Ironhouse Sanitary District (“District”) as Employer and Chad Davisson (“Employee”), an individual.

In consideration of the promises and other provisions of this Agreement, the parties agree as follows:

1. Employment. District hereby agrees to employ Employee as General Manager of District for the Employment Term and on the other terms and conditions set forth in this Agreement, and Employee hereby accepts such employment, all effective as of the Effective Date.
2. Term of Employment. The term of Employee’s employment (“Employment Term”) shall be for three (3) years commencing July 13, 2015 and ending on July 12, 2018, as such Employment Term may be subsequently extended by agreement of the parties or earlier terminated pursuant to Section 10 or other provision of this Agreement or by law. No later than January 12, 2018, each party shall give notice to the other as to whether the noticing party desires to extend the Employment Term.
3. Place of Employment. Except as the parties may otherwise agree in writing, Employee shall perform his services at the District’s offices, presently located at 450 Walnut Meadows Drive, Oakley, California, with such travel temporarily to other locations on District business as the duties of Employee, or as the District’s Board of Directors (the “Board”), may require.
4. Duties. Employee shall devote his full time, ability, attention, energy, knowledge, and skill solely and exclusively to performing the duties of the General Manager of the District. As General Manager, Employee shall have full power and authority to manage and conduct the business of District. Employee’s duties include: managing all District employees, either directly or through such subordinates as Employee may appoint; being the hiring and terminating authority for all District employees (except District legal counsel, if counsel is an employee); maintaining relationships with Contra Costa County, its LAFCO, the City of Oakley, and other neighboring public agencies; representing the District at California Association of Sanitation Agencies conferences to the extent approved in advance by the President; and with the prior approval of the President, representing the District at other conferences; performing the duties of the General Manager provided in Section 7.3 or other provisions of the District’s By-Laws; and performing such other duties as may be assigned or delegated to Employee by the Board. All such power, authority and duties of Employee shall be subject at all times to the authority, direction and policies of the Board, and may be modified by the Board in its discretion at any time, with or without cause and with or without notice.

5. Compensation.

a. *Base Salary.* District shall pay Employee a base salary of \$175,000 per year payable in equal installments on the District's regular paydays, from which the District shall withhold and deduct all taxes as required by applicable laws as well as the District's customary employee deductions. No overtime shall be payable to Employee.

b. *Deferred Compensation.* Employee shall be eligible to participate in District's Deferred Compensation Plan under Section 457 of the Internal Revenue Code on the same basis as other employees of District.

c. *Board Review.* The Board will regularly review Employee's performance during the Employment Term. The Board anticipates adopting a written policy on the General Manager's performance that will call for the Board to set, in consultation with the General Manager, a certain number of outcome-based, specific, realistic, measurable goals for each 12-month period with completion dates. After each 12-month period of employment during the Employment Term, in conjunction with its review of Employee's performance of the goals and his performance generally, and in consultation with Employee, the Board will: (i) review Employee's base salary, deferred compensation and other compensation; and (ii) determine (in consultation with Employee) whether or not Employee's performance and other factors warrant: (A) adjustments in his base salary, including an increase based on Employee's performance and/or (B) payment of a bonus to Employee for the 12-month or other period; and/or (C) District matching Employee's deferred compensation plan contributions and to what extent.

d. *One-time Compensation, Etc.* Employee is presently participating in an MBA program at St. Mary's College with anticipated completion and award of an MBA degree in December 2015. Employee represents that all tuition and fees have been paid for the program to date, and that the remaining tuition and fees through completion are \$25,000.

i. Given the benefit to District of the training of Employee provided by the MBA program, District agrees to loan employee \$12,500 of the remaining tuition and fees without interest upon Employee providing receipts showing Employee's payment of that amount. So long as Employee then remains an employee of District, one-third of such loan will be forgiven on July 12, 2016, one-third on July 12, 2017 and one-third on July 12, 2018. Such one-third shall not be pro-rated for any period of less than 12 months. Upon Employee's termination prior to the end of the initial three-year Employment Term pursuant to Section 10.a, Section 10.c, or (except as the parties may otherwise agree) Section 10.d, Employee shall repay District the unforgiven portion of the loan on the Termination Date without interest. Upon Employee's termination prior to the end of the initial three-year Employment Term pursuant to Section 10.b, Section 10.e or Section 10.f, the unforgiven portion of the loan shall be deemed forgiven and no longer owing by Employee.

ii. Employee may be absent from work the second Thursday and Friday of each month from August 2015 through December 2015, inclusive, to attend classes in the MBA program. For these 12 days of absence during this period, Employee will use his accrued paid vacation and Admin Leave time. Once Employee's paid time off is exhausted, the remainder of these 12 days of absence are without pay. ("Admin Leave" is defined in Section 6.e below.)

iii. Employee may be absent from work for 15 days during January 2016. Employee will also use his accrued paid vacation and Admin Leave during this 15 days of absence. Once Employee exhausts his paid time off, the remainder of his 15 days leave is without pay.

6. Additional Benefits.

a. *District Vehicle.* During the Employment Term, District shall provide Employee with a District-owned vehicle for Employee's use in performing his duties as General Manager, and for commuting between his home and the District's offices. During business days when the vehicle is at District offices and Employee does not need it, the vehicle will be available for other employees to use on District errands. District agrees to reimburse Employee for the gasoline and other reasonable expenses of operating such vehicle when it is used on District business. These expenses shall be submitted as Business Expenses pursuant to Section 6.c below.

b. *Cell Phone.* During the Employment Term, District shall reimburse Employee a specified amount per month for his use of his personal cell telephone for District purposes pursuant to Section 6.c below and District's regular cell phone reimbursement policies and practices applicable to its management level employees. Such reimbursement is currently \$80 per month.

c. *Business Expenses.* Employee shall be entitled to reimbursement by the District for customary, ordinary, and necessary business expenses incurred by him in the performance of his duties during the Employment Term, and otherwise relating to District business, that are incurred and substantiated in accordance with the policies and procedures established from time to time by the Board. All expenses as described in this subsection will be reimbursed only upon presentation by Employee of such documentation as the District may reasonably require to substantiate such expenses, including that the expenses were incurred in the performance of his duties.

d. *Health Insurance and Retirement Benefits.* To the extent Employee can meet applicable eligibility requirements, Employee shall be entitled, during the Employment Term, to receive and participate in any retirement program, and in any medical, dental and vision insurance plans, provided to other District management-level employees. District's retirement and medical coverage is presently provided by CalPERS. Employee and District intend that Employee be a classic member of CalPERS for this purpose. Employee will verify and establish di-

rectly with CalPERS that he qualifies as a classic member, and District will assist him in any way it reasonably can in establishing his classic member status. District represents to Employee that District's present personnel policy on CalPERS includes the following: "All regular employees are eligible to participate in the CalPERS Retirement System Plan. Participation in the CalPERS Retirement System Plan is mandatory and is in lieu of Social Security. For employees enrolled in CalPERS prior to January 1, 2013 who CalPERS considers Classic Employees, the District pays 7% of the employee's 8% retirement contribution."

e. *Vacation, Sick and Administrative Leave.*

i. During the Employment Term, Employee shall accrue paid vacation time at the rate of 20 days per calendar year and paid sick leave at the same rate and on the same basis as other District employees. Vacation time and sick leave shall each be pro-rated for any partial calendar year during the Employment Term, and subject to Section 11.a, unused vacation time and unused sick leave will carry over to the next calendar year. Vacation time and sick leave shall otherwise be governed by such policies and practices regarding them as District may have.

ii. In addition to the vacation time provided in Section 6.e.i, District provides Employee with an initial, one-time bank of 20 days of accrued paid vacation time, effective on the first day of the Employment Term. This is the only such bank during the Employment Term.

iii. Employee shall accrue up to an annual maximum of 80 hours (cap) of paid administrative leave ("Admin Leave"), as follows. At the end of each calendar year during the Employment Term, any accrued but unused portion of the Admin Leave will be carried over to the next calendar year, and Employee will continue accruing Admin Leave up to, but not over, the 80-hour cap. Once Employee accrues 80 hours of Admin Leave, Employee will cease to accrue any further Admin Leave until the end of a calendar year in which he has used sufficient Admin Leave to bring his Admin Leave bank below the cap. The Board intends to adopt policies and procedures for administrative leave for the District's management-level employees, and if it does so, such policies and procedures shall prevail over anything to the contrary in this Section 6.e.iii.

iv. Employee shall contemporaneously record all paid vacation, sick and Admin Leave time used by him.

f. *Life Insurance.* During the Employment Term, upon Employee meeting applicable eligibility requirements, District shall provide Employee with the any life insurance coverage provided other District employees. Such life insurance coverage presently provides a death benefit equal to the lesser of one year of an employee's base salary or \$125,000.

g. *Disability Insurance.* During the Employment Term, upon Employee meeting applicable eligibility requirements, District shall provide Employee with the disability insurance coverage provided other District employees.

h. *Revisions of Benefits for Employees Generally.* Nothing contained in this Agreement limits the Board's freedom to increase, decrease or otherwise modify the benefits provided District employees or management-level employees generally. Any such modifications shall apply to the benefits provided Employee in Sections 5.b and 6 above, and prevail over anything to the contrary in such Sections 5.b and 6.

7. Outside Business Activities. During the Employment Term, Employee shall devote his entire productive time, ability, and attention to the business of the District, and shall not, without the prior written consent of the Board, render to others services of any kind for compensation. Nor shall Employee engage in any other activity that would interfere with the performance of his duties under this Agreement without the prior approval of the Board. Employee represents that he has no other outstanding commitment inconsistent with any of the terms of this Agreement or the services to be rendered under this Agreement. District anticipates that Employee will continue to provide training to sanitation employees, including to District's employees, in conjunction with local colleges. Employee will coordinate his level of involvement in the training and time away from work with the President of the District.

8. Confidentiality. To the maximum extent permitted by law, during the Employment Term and continuing thereafter during Employee's lifetime, Employee: shall keep confidential non-public information concerning the District's business and affairs; shall not disclose such information to any other person except as reasonably required in the performance of his duties as Employee: and shall use such information only for purposes of performing his duties as Employee. The preceding sentence is subject to the requirements of the Ralph M. Brown Act, the Public Records Act, and other applicable laws, which prevail over anything to the contrary in the preceding sentence. For purposes of this Agreement, information is "non-public" if it is not readily available to the public without attending Board meetings or making a Public Records Act request. This Section 8 is in addition to, and not in lieu of, any other confidentiality duties or agreement that Employee may have.

9. No Conflicting Obligations. During the Employment Term, Employee shall not, directly or indirectly, either as an employee, employer, consultant, agent, principal, partner, shareholder, corporate officer, director, or in any other capacity, engage, or assist any third party in engaging, in any activity that substantially conflicts with the District's purposes, business, or affairs. The foregoing is in addition to, and not in lieu of, the Political Reform Act, Government Code Section 1090, and other conflict of interest laws applicable to Employee.

10. Termination of Employment. The Employment Term and Employee's employment by District shall be terminated by the first to occur of the following. In each case, the "Termination Date" is the date when the Employment Term and Employee's employment are terminated.

a. *By Employee.* At the election of Employee, with or without cause and for any reason whatsoever or no reason at all, upon sixty (60) days' prior notice to the District. The Termination Date will be the 60<sup>th</sup> day after Employee gives the notice.

b. *Without Cause.* At the election of District, without cause and for any reason whatsoever or no reason at all, upon notice to Employee. The notice shall specify the Termination Date, which may be upon notice or later.

i. After giving notice under this Section 10.b, District shall continue to pay Employee his base salary and benefits, and Employee shall continue to accrue leave, through the Termination Date specified in the notice, all as more particularly provided in Section 11.a below.

ii. Employee may elect to enter into a general release of District from all statutory and other claims arising on or before the Termination Date, which release shall be prepared by District. If Employee so elects and signs such release on the Termination Date or within twenty-one days thereafter, then after the passage of such rescission periods and other times as may be required by law without rescission and with Employee's election remaining in effect, District shall also pay Employee consideration in exchange for the general release in an amount equal to the lesser of: (i) six (6) months of Employee's base salary, or (ii) Employee's base salary for the remainder of the Employment Term (the "Severance"). District shall pay the Severance in the same amounts and on the same dates as Employee's base salary would have been payable if Employee had remained employed, but such mode of payment shall not modify the effective date of Employee's termination, which shall remain the Termination Date specified in District's notice.

iii. Except pursuant to Employee's signed release and Section 10.b.ii, Employee is not entitled to, and will not receive, severance. Nor is any severance payable upon termination under any other subsection of this Section 10, upon termination for any other reason, or upon expiration of the Employment Term.

c. *For Cause.* Upon notice given by District to Employee at any time, for Cause. The date such notice is given is the Termination Date. For purposes of this Agreement, "Cause" is any one or more of the following, as determined in the reasonable opinion of the Board.

(i) Employee's violation of the District's policy against working under the influence of drugs or alcohol.

(ii) Employee's conviction of a felony or a plea of nolo contendere or equivalent

in respect of a felony.

- (iii) Imprisonment for any crime.
- (iv) Breach of fiduciary duty or breach of trust by Employee.
- (v) Any act of dishonesty, misappropriation, embezzlement, fraud, or similar conduct by Employee involving District or an Affiliate. ("Affiliate" is defined in Section 21.b.)
- (vi) Continued failure or refusal after notice to perform the duties of Employee or instructions of the Board.
- (vii) Employee's continuing neglect, after notice, with respect to the business or affairs of District or an Affiliate.
- (viii) Continued or repeated absence of Employee from his employment during usual working hours for reasons other than disability or sickness.
- (ix) Any material breach by Employee of any term or provision of this Agreement or of any District code of conduct or equivalent.
- (x) Any action by Employee likely to bring substantial discredit to District.

d. *Mutual Consent.* By mutual agreement in writing between Employee and District on such date as they may specify, which date shall be the Termination Date.

e. *By Death.* Upon the death of Employee, in which event the date of death will be the Termination Date.

f. *By Disability.* Upon 30 days' notice by District to Employee, if Employee suffers a disability that renders Employee unable, as determined in good faith by the Board, to perform essential functions of Employee's position, whether with or without reasonable accommodation.

i. The Termination Date will be the 30<sup>th</sup> day after the notice is given unless District specifies a later date in its notice, in which event the specified date will be the Termination Date.

ii. District may require Employee to undergo, and Employee consents to, physical examinations at District expense designed to determine Employee's ability to work when the Board reasonably believes that Employee may have a temporary or permanent physical or mental disability rendering Employee unable to perform essential functions, whether with or without reasonable accommodation. . District shall use such information only for purposes of determining Employee's ability to work. District shall not be liable to Employee or any other person for any failure of the examination or District to discover a disability or other medical or health problem.

g. *Expiration of the Employment Term.* Upon expiration of the Employment Term.

#### 11. Other Provisions Concerning Termination

a. Upon termination pursuant to Section 10, District shall continue to pay Employee's base salary, benefits and other compensation, and Employee shall continue to accrue vacation, sick and Admin Leave pursuant to Section 6.e through the Termination Date. On the Termination Date, Employee shall receive payment for: (i) all base salary and benefits accrued and unpaid; and (ii) any and all accrued but unused vacation time and Admin Leave. Employee shall also be entitled to such retirement credits for any accrued sick leave as CalPERS may then provide, but he is not entitled to payment for any sick leave that has accrued but not been taken. The foregoing are the District's only obligations to pay Employee upon Termination, whether for vacation, sick, administrative or other leave or for salary, benefits or other compensation. No other amount shall be owing. The term "base salary," as used in Sections 10 and 11, refers to Employee's base salary as in effect immediately prior to the notice or other event terminating the Employment Term.

b. Upon the Termination Date or other end of the Employment Term, whether pursuant to Section 10 or otherwise, Employee shall be deemed to have resigned from all employment, positions, offices and directorships he holds with the District or he holds with other entities or persons on the District's behalf. Upon request of the Board, Employee shall confirm such resignations in writing in such form as the Board may request.

c. District may elect at any time during the Employment Term to put Employee on administrative leave for such time as District may specify, during which time District shall continue to pay Employee his base salary and benefits but Employee shall not perform any duties as Employee. Such administrative leave shall not be "Admin Leave" for purposes of Section 6.e.

d. Sections 10 and 11 prevail over anything to the contrary in Section 2 or elsewhere in this Agreement.

12. Post-Employment Litigation Assistance. Subsequent to termination of his employment by District, Employee will make himself reasonably available to District to provide information, documents, declarations, depositions, and testimony relevant to any action or proceeding to which District is a party or in which District is involved.

13. Assignment; Inurement. This Agreement is for personal services unique to Employee, and so Employee may not assign or delegate any of his rights, obligations or duties under this Agreement without the prior written consent of District. Subject to the preceding sentence, this Agreement shall inure to the benefit of and bind the parties and their heirs, successors and assigns.

14. Provisions Remaining in Effect Following Termination. The following provisions of this Agreement shall remain in effect and continue to bind the parties notwithstanding the end of the



Employment Term, termination of Employee's employment or termination of this Agreement: Sections 8, 11, 12, and 14 through 21.

15. Dispute Resolution and Binding Arbitration. Any dispute between District and Employee arising out of or relating to Employee's employment relationship with District, the termination of that employment relationship, or the validity, enforceability, construction, application or breach of any provision of this Agreement (including this Section 15) or its subject matter shall be resolved by binding arbitration before a single arbitrator in Contra Costa County, California. Such arbitration shall be conducted under the auspices (and in accordance with the then-existing rules for resolution of employment disputes) of the American Arbitration Association (AAA) pursuant to the Federal Arbitration Act. The additional provisions of this Section 15 in Exhibit A to this Agreement, which are incorporated in this Section 15 as if set forth in full, shall apply to and govern any such arbitration.

16. Entire Agreement; Amendments.

a. This Agreement contains the entire agreement between the parties and supersedes all prior or contemporaneous oral or written agreements, understandings, commitments, and practices between them, regardless of whether fully performed. Without limiting the generality of the foregoing, all understandings and agreements, written or oral, relating to Employee's employment by Employer, including those relating to Employer's payment of any compensation or provision of any benefit in connection with employment or otherwise, are hereby terminated and shall be of any further force or effect.

b. No oral modifications, express or implied, may alter or vary the terms of this Agreement. No amendment or other modification of this Agreement may be made except by a writing signed by the President of the Board and Employee. No other employee, no supervisor (if any) of Employee, and no member of the Board is authorized to alter or vary the terms of this Agreement (or to represent otherwise) on behalf of District except by written agreement by the President of the Board.

17. Governing Law. This Agreement and any matter or dispute arising out of the parties relationship or this Agreement (including its subject matter) shall be governed by, and interpreted and enforced in accordance with, the laws of the State of California, whether sounding in tort, contract, statute or otherwise and notwithstanding any conflicting choice of law principles of California or any other forum. Subject to Section 15, the parties to this Agreement specifically consent to the jurisdiction of the courts of Contra Costa County over any action arising out of or related to this Agreement.

18. Severability. If any clause, provision or other portion of this Agreement or the application of such clause, provision or other portion to any person or circumstance is to any extent de-

terminated invalid or unenforceable by an arbitrator or a court of competent jurisdiction, then such provision shall be deemed severed to the minimum extent necessary to make this Agreement legally enforceable and the remainder of this Agreement, and the other applications of such portion, shall remain valid and enforceable to the fullest extent permitted by law.

19. Waiver. A party shall not be deemed to have waived any of its or his respective rights under this Agreement unless the waiver is in writing and signed by the waiving party. No delay in exercising any right shall be a waiver, nor shall a waiver on one occasion operate as a waiver of such right on a future occasion.

20. Notices. Any notice required or permitted under this Agreement shall be in writing. The notice shall be deemed given on the earlier of: when personally delivered; on the day that the recipient acknowledges receiving it; the first day after being faxed (if a fax number has been furnished by the recipient and the transmission is shown in a regularly-generated fax transmittal record); on the day delivered by a recognized overnight courier (if the courier obtains a signature for the delivery); or five mail service days after deposit in the United States mails, first class postage prepaid, addressed to the party at the address shown for such party below or to such other address as such party may later by notice specify for such purpose. However, if a notice is deemed given on a Saturday, Sunday or legal holiday, it shall be deemed given on the next business day.

To District:

Ironhouse Sanitary District  
Attn: President of the Board of Directors  
450 Walnut Meadows Drive  
Oakley, California 94561

To Employee:

Chad Davisson  
\_\_\_\_\_  
\_\_\_\_\_

21. Construction.

a. Gender, Number, Etc. Unless the context clearly requires otherwise, (A) the plural and singular numbers will each be deemed to include the other; (B) the masculine, feminine, and neuter genders will each be deemed to include the others; (C) "shall," "will," "must," "agrees," and "covenants" are each mandatory; (D) "may" is permissive; (E) "or" is not exclusive; and (F) "includes" and "including" are not limiting and so regardless of whether initially capitalized shall mean "including without limitation thereto"; and (g) "person," regardless of whether initially

capitalized, shall mean any individual or any corporation, partnership, limited liability company, trust, trustee, estate, association or other legal entity.

b. Definitions. The definition of an initially capitalized word applies wherever such word is used in this Agreement, regardless of whether the definition is provided when the defined term is first used or thereafter. The term "Affiliate," when used with reference to District, includes Reclamation District No. 830 (RD 830) and any other person who directly (or indirectly through one or more intermediaries) controls, is controlled by or is under common control with District.

IN WITNESS WHEREOF, the parties have executed this Agreement on the dates set forth below effective as of the Effective Date first set forth above.

IRONHOUSE SANITARY DISTRICT

Dated: July 7, 2015.

By: David Contreras  
David Contreras  
President, Board of Directors

Attest:

Susan Walde  
Susan Walde  
Secretary, Ironhouse Sanitary District

Dated: June 4, 2015.

Chad Davisson  
Chad Davisson

## Exhibit A

### Arbitration Provisions

The following are additional provisions of Section 15 of the Employment Agreement effective as of July 13, 2015, and included in such Section 15 and such Agreement.

a. Nothing in this Agreement: (i) shall require arbitration of any dispute whose arbitration is prohibited by law; (ii) shall prevent Employee from filing or maintaining a claim for workers' compensation, state disability insurance, or unemployment insurance benefits; (iii) shall be construed to prevent or excuse Employee or District from using existing internal procedures for the resolution of complaints; or (iv) shall prevent Employee from bringing claims before administrative agencies when the law permits the agency to adjudicate those claims, including claims or charges with the United States Equal Employment Opportunity Commission (or comparable state agency), the National Labor Relations Board, the U.S. Department of Labor, or the Office of Federal Contract Compliance Programs.

b. Any arbitration shall take place in Contra Costa County within 45 miles of where Employee is or was last employed by District. Employee and District agree to submit to the jurisdiction of the arbitrator selected in accordance with the rules of the AAA. If the selection of an arbitrator cannot occur through those procedures, either Employee or District may apply to a court of competent jurisdiction in the location where the arbitration is to be conducted to appoint a neutral arbitrator.

c. Each party shall have the right to conduct adequate discovery. In making any decisions or rulings, the arbitrator shall apply and be bound by this Agreement and (as also required by Section 18 of this Agreement) California and applicable Federal laws. The parties each expressly waive the right to a jury trial.

d. The arbitrator's award shall be in writing. Before issuing an award, the arbitrator shall provide the parties with a written draft of the award which the arbitrator proposes to issue. The arbitrator shall provide the draft within 21 days after the arbitration hearing is completed. Each party shall have 10 days within which to submit written comments on the draft. Within 10 days after the deadline for written comments, the arbitrator shall issue the final award.

e. The arbitrator's award shall be final and binding on the parties, provided that any award shall be reviewable by a court of law to the fullest extent allowed by law, including for any error of law by the arbitrator. The arbitrator shall have discretion to award monetary and other damages, or to award no damages, and/or to fashion any other relief that a court of competent jurisdiction could award, but only to the extent consistent with law. Judgment may be entered on the arbitrator's decision in any court having jurisdiction.

f. Employee and District shall follow the rules of the AAA with respect to initial filing fees, but in no event shall Employee be responsible for any portion of those fees in excess of the filing or initial appearance fee applicable to court actions in Contra Costa County. Any such portion in excess shall be paid by District. District shall pay all costs and expenses unique to arbitration, including the arbitrator's fees and any portion of the initial filing fees in excess of the filing or initial appearance fees applicable to court actions in Contra Costa County.

