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Superior Court of California
County of Los Angeles

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14 SUPERIOR COURT OF THE STATE OF CALIFORNIA

15 FOR THE COUNTY OF LOS ANGELES

BC 5 85 7 3 2

16 ANTONIO PEREZ, an individual,

CASE NO.:

17 Plaintiff,

COMPLAINT FOR DAMAGES:

18 vs.

1. RETALIATION IN VIOLATION OF LABOR CODE §1102.5 (a)(b);
2. RETALIATION IN VIOLATION OF CALIFORNIA FALSE CLAIMS ACT [CAL. GOV. CODE § 12653];
3. RETALIATION IN VIOLATION OF THE FEHA;
4. BREACH OF CONTRACT; and
5. DEFAMATION

19 CENTRAL BASIN MUNICIPAL WATER
20 DISTRICT, a public entity, exact form unknown
21 and/or WATER DISTRICT; and Does 1 through
22 100, inclusive,

23 Defendants.

24 DEMAND FOR JURY TRIAL

25 Plaintiff ANTONIO PEREZ alleges as follows:

26 GENERAL ALLEGATIONS

27 1. Plaintiff ANTONIO PEREZ ("Plaintiff") is an individual who at all times pertinent to
28 this lawsuit was a resident of the County of Los Angeles, State of California.

2. Plaintiff is informed and believes, and thereon alleges, that the Defendant CENTRAL

File by Fax

1 BASIN MUNICIPAL WATER DISTRICT ("CBMWD" or "District") is a public entity, exact
2 form unknown, engaged in water provision services.

3 3. CBMWD is operated and run by a Board of Directors (hereinafter "the Board").

4 4. Plaintiff was at all times relevant employed by the Defendants CBMWD and Does 1-
5 100. The Defendants CBMWD and Does 1-100 will hereinafter be collectively referred to as the
6 "Employer Defendants."

7 5. Plaintiff was at all times employed by the Employer Defendants at their location 6252
8 Telegraph Road Commerce, CA 90040 (hereinafter "the premises"). All the torts and statutory
9 violations alleged below occurred at the premises.

10 6. The Employer Defendants are California employers who employ more than five
11 people, and are accordingly subject to the provisions of FEHA.

12 7. Defendants Does 1 through 100 are sued under fictitious names pursuant to California
13 Code of Civil Procedure section 474. Plaintiff is informed and believes, and on that basis alleges,
14 that each defendant sued under such fictitious names is in some manner responsible for the wrongs
15 and damages as alleged below, and in so acting was functioning as the agent, servant, manager,
16 supervisor, and/or employee of the Employer Defendants, and in doing the actions mentioned
17 below was acting within the course and scope of his or her authority as such agent, servant.

18 8. On May 1, 2013, Plaintiff was hired by Employer Defendants as the General Manager
19 (GM) pursuant to a five (5) year employment agreement. Plaintiff performed his services under the
20 agreement in an exemplary fashion. He retained his position of GM until his wrongful termination
21 on or about October 9, 2014.

22 9. As General Manager, Plaintiff was responsible for managing the day to day business
23 operations of CBMWD. Plaintiff reported to the Board, the District's governing body.

24 10. Pacifica Services Incorporated (PSI) is an engineering consultant of CBMWD that
25 employs PSI workers at the CBMWD's premises. PSI has an agreement to provide services to
26 CBMWD, and bills CBMWD therefore.

27 11. Within a month of being hired as GM, Plaintiff was approached by the CEO of PSI,
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1 Ernie Camacho ("Camacho") who invited Plaintiff to a restaurant and told Plaintiff, "I have been
2 working for Central Basin for eight (8) years and people have tried to take me out, and if you have
3 any ideas about taking away my contract then you should get your three votes and I will get my
4 three votes and we'll see what happens."

5 12. Shortly after his restaurant meeting with Camacho, CBMWD's Finance Director
6 advised Plaintiff "that CBMWD had paid more to Pacifica than what had been authorized by the
7 CBMWD Board of Directors." This report to Plaintiff put Plaintiff on notice of potential
8 overbilling and fraud by PSI.

9 13. Immediately after being notified of said overpayment to PSI, Plaintiff, with the
10 assistance of CBMWD's Finance Director, instituted and conducted an investigation into the PSI
11 contract and payments made to PSI. Said investigation led him to conclude that PSI had improperly
12 billed and defrauded the CBMWD by at least \$800,000 and had been overpaid at least \$800,000 by
13 the CBMWD without Board approval.

14 14. In on or about June 2013, Plaintiff informed the Board that PSI improperly billed and
15 defrauded CBMWD, was overpaid at least \$800,000 by CBMWD without Board approval, and
16 that Plaintiff intended to terminate PSI's relationship with the District so that PSI's improper
17 billing of the District and what he concluded was an illegal gift of public funds would cease. This
18 was a report by Plaintiff pursuant to Labor Code section 1102.5.

19 15. In July 2013, Plaintiff informed PSI that they had to vacate the CBMWD premises and
20 that they could no longer submit improper and fraudulent bills and invoices to the District.

21 16. Plaintiff also initiated a lawsuit against PSI on behalf of the CBMWD seeking the return
22 of the approximately \$800,000 he believed PSI had been illegally paid, and CBMWD had been
23 defrauded.

24 17. In or about June 2013, Plaintiff received a Government Tort Claim against the District,
25 alleging, among other things, that CBMWD Board of Directors Member Robert "Bob" Apodaca
26 sexually harassed a female while was employed by CBMWD from June 2012 to December 2012.
27 Plaintiff advised the Board of this as well.

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1 18. Plaintiff referred this sexual harassment complaint for investigation to EXTTI, an
2 outside investigation firm experienced in conducting sexual harassment investigations.

3 19. In January 2014, EXTTI completed its sexual harassment investigation of Director
4 Apodaca and found Director Apodaca guilty of five (5) of the seven (7) sexual harassment
5 allegations against him. Plaintiff advised the Board of this fact. This was a protected activity
6 pursuant to the FEHA.

7 20. On March 13, 2014, CBMWD Directors Apodaca, Roybal, and Vasquez began to
8 undertake efforts to wrongfully terminate Plaintiff in retaliation for investigating and reporting the
9 overbilling and fraud by PSI, for taking steps to terminate the relationship with PSI and CBMWD,
10 for bringing a lawsuit against PSI, and for ordering an outside investigation into the sexual
11 harassment allegations against Director Apodaca. On that date, several Directors initiated a
12 special meeting to terminate Plaintiff.

13 21. Plaintiff is informed and believes, and thereon alleges, that Director Apodaca was the
14 driving force behind the retaliatory special meeting to terminate Plaintiff because Plaintiff exposed
15 and ended CBMWD's illegal relationship with PSI, which was operated by Ernie Camacho who is
16 the cousin of Director Apodaca's wife; and Plaintiff initiated the outside investigation of
17 allegations against Apodaca, instead of keeping the investigation "in house," in order to "cover-up"
18 rather than fully and fairly investigate said sexual harassment allegations, and other reasons
19 according to proof.

20 22. In approximately July 2014, Plaintiff was requested by CBMWD Director Phillip
21 Hawkins to investigate whether a federal grand jury subpoena with Hawkins name on it had been
22 unlawfully modified by the improper addition of Hawkins' name in a false attempt to make it
23 appear that Director Hawkins had been subpoenaed and was under federal investigation. Plaintiff
24 is informed and believes, and thereon alleges, that Direct Leticia Vasquez and other CBMWB
25 Directors assisted in the falsification of the subpoena.

26 23. In approximately July 2014, Plaintiff retained a law firm to conduct an investigation
27 into the falsified subpoena, and Plaintiff is informed and believes, that Employer Defendants,
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1 acting through Vasquez, retaliated against Plaintiff by voting to terminate his employment to
2 prevent Plaintiff from disclosing to the Board, and other governmental agencies at the conclusion
3 of this investigation, its findings with respect to who falsified the subpoena. Plaintiff is informed
4 and believes, and thereon alleges, that the investigation he initiated into the matter ceased after
5 Plaintiff's wrongful termination.

6 24. On September 22, 2014, the Employer Defendants defamed and retaliated against
7 Plaintiff in an evaluation by stating, among other things, that Plaintiff: "caused [a] \$1.3 million loss
8 to Central Basin for alleging fraud [in the] Pacifica matter; "refus[ed] to follow board directives
9 with respect to controlling legal bills and services"; "fail[ed] to properly investigate and document
10 payment of [a] \$16K judgment, ignored two legal opinion[s], and lied about Olivarez giving an
11 opinion"; "promis[ed] to steer donations from Central Basin contractors to directors campaign
12 accounts"; and other defamatory statements according to proof.

13 25. On September 24, 2014, the Employer Defendants further defamed and retaliated
14 against Plaintiff by including, among other things, the following statements in Plaintiff's
15 evaluation: "fail[ed] to bring before the board of directors [the] agenda item regarding director
16 Chacon's own monthly car allowance and driver's license after being repeatedly asked to do so";
17 "refused to provide employee due process causing a lawsuit against the District"; caused the
18 "downgrading of bond rating"; "fail[ed] to provide a media action plan after being asked to do so
19 on numerous occasions, both in writing and during public meetings"; and other defamatory
20 statements according to proof.

21 26. On October 9, 2014, the Employer Defendants informed Plaintiff that the District was
22 terminating his employment agreement without cause and offered Plaintiff a twelve (12) month
23 severance package pursuant to the terms of the Employment Agreement; however, Director Roybal
24 stated "you have to take the offer now. If you don't accept the offer now, it's off the table." A true
25 and correct copy of the Employment Agreement is attached hereto as Exhibit A.

26 27. Subsequent to Director Roybal's statement, the General Counsel of CBMWD stated to
27 Plaintiff that Roybal does not represent the wishes of the full Board and Plaintiff will have 21-days
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1 to review the severance package, and if accepted, Plaintiff will have an additional 7-days to
2 reconsider.

3 28. Shortly after speaking with the General Counsel, Plaintiff was called by the CBMWD's
4 Manager of Human Resources, Dina Hidalgo, who informed Plaintiff that the Board changed their
5 mind and voted to terminate Plaintiff for cause, even though cause did not exist to terminate
6 Plaintiff's employment.

7 29. By alleging that Plaintiff was terminated "for cause" when "cause" did not exist, the
8 Employer Defendants have breached the Employment Agreement by failing to pay Plaintiff a
9 twelve month severance package to which he is entitled under the terms of the Employment
10 Agreement.

11 30. Plaintiff has duly exhausted all administrative remedies with the Department of Fair
12 Employment and Housing and has received the requisite "Right-To-Sue" notice.

13 31. Plaintiff filed the appropriate government claims with all of the named public entities
14 and all claims were either expressly denied or denied by operation of law.

15 **FIRST CAUSE OF ACTION**

16 **RETALIATION IN VIOLATION OF LABOR CODE §1102.5 (a)-(b)**

17 **(BY PLAINTIFF AGAINST ALL DEFENDANTS)**

18 32. Plaintiff re-alleges and incorporates by reference paragraphs 1 through 32 of the
19 Complaint as though fully set forth herein.

20 33. California Labor Code section 1102.5, subdivision (a), provides that an employer, shall
21 not make, adopt, or enforce any rule, regulation, or policy preventing an employee from disclosing
22 information to a government or law enforcement agency, or to a person with authority over the
23 employee, or to another employee who has authority to investigate, discover, or correct the
24 violation or noncompliance, or for providing information to, any public body conducting an
25 investigation, hearing, or inquiry if the employee has reasonable cause to believe that the
26 information discloses a violation of state or federal statute, or a violation of or noncompliance with
27 a local, state, or federal rule or regulation.

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1 34. California Labor Code section 1102.5, subdivision (b), provides in pertinent part that an
2 employer, or any person acting on behalf of the employer, shall not retaliate against an employee
3 for disclosing information, or because the employer believes that the employee disclosed or may
4 disclose information, to a government or law enforcement agency, or to a person with authority
5 over the employee or another employee who has the authority to investigate, discover, or correct
6 the violation or noncompliance, or for providing information to, any public body conducting an
7 investigation, hearing, or inquiry, if the employee has reasonable cause to believe that the
8 information discloses a violation of state or federal statute, or a violation of or noncompliance with
9 a local, state, or federal rule or regulation.

10 35. California Government Code section 12650 et seq. ("the False Claims Act") makes it
11 unlawful to knowingly submit a false request or demand for money, property, or services to a state
12 or political subdivision.

13 36. The California Civil Code sections 1572 et seq. makes it unlawful to deceive another
14 party to a contract.

15 37. Plaintiff is informed and believes, and thereon alleges, that he had disclosed violations
16 of a state or federal statute, or a violation of or noncompliance with a local, state, or federal
17 regulation, including, but not limited to, the False Claims Act and California Civil Code sections
18 1572 et seq., to a government agency, or to a person with authority over him or to another
19 employee who had the authority to investigate, discover, or correct the violation or noncompliance,
20 by disclosing to the Board that PSI was illegally overpaid by at least \$800,000 and had defrauded
21 CBMWD, all as afore pled.

22 38. Plaintiff is informed and believes, and thereon alleges, that he had reasonable cause to
23 believe that the information disclosed a violation of a state or federal statute, or a violation of or
24 noncompliance with a local, state, or federal regulation.

25 39. The disclosures were a substantial motivating factor for the Employer Defendants'
26 retaliation against Plaintiff, including his termination, and thus constituted unlawful retaliation in
27 violation of California Labor Code section 1102.5, subdivisions (a) and (b).

1 40. Plaintiff is further informed and believes, and thereon alleges, that the Employer
2 Defendants believed he was going to disclose to a government or law enforcement agency, or to a
3 person with authority over Plaintiff, or to a public body conducting an investigation or hearing that
4 Direct Leticia Vasquez and other CBMWB Directors assisted in unlawfully modifying a federal
5 subpoena to make it appear that Director Hawkins had been subpoenaed and was under federal
6 investigation.

7 41. Plaintiff is informed and believes, and thereon alleges, that this was a substantial motivating
8 factor for the Employer Defendants' retaliation against Plaintiff, including his termination, and thus
9 constituted unlawful retaliation in violation of California Labor Code section 1102.5, subdivisions
10 (a) and (b).

11 42. As a proximate result of the unlawful retaliation in violation of California Labor Code
12 section 1102.5, subdivisions (a) and (b), Plaintiff has suffered mental anguish and emotional
13 suffering and other general damages past and future in an amount in excess of the minimum
14 jurisdiction of this court and according to proof.

15 43. As a proximate result of the unlawful retaliation in violation of California Labor Code
16 section 1102.5, subdivisions (a) and (b), Plaintiff has suffered a loss of tangible employment
17 benefits including lost wages and fringe benefits past and future in an amount in excess of the
18 minimum jurisdiction of the court and according to proof.

19 44. As a proximate result of the unlawful retaliation in violation of California Labor Code
20 section 1102.5, subdivisions (a) and (b), Plaintiff was required to and did retain attorneys, and is
21 accordingly entitled to an award of attorneys' fees according to proof pursuant to California Code
22 of Civil Procedure, section 1021.5.

23 45. As a proximate result of the unlawful retaliation in violation of California Labor Code
24 section 1102.5, subdivisions (a) and (b), Plaintiff has incurred and/or will continue to incur medical
25 expenses in amount according to proof at the time of trial.
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1 required to and did retain attorneys, and is accordingly entitled to an award of attorneys' fees
2 according to proof.

3 55. As a proximate result of the retaliation in violation of the False Claims Act, Plaintiff has
4 incurred and/or will continue to incur medical expenses in amount according to proof at the time of
5 trial.

6 56. As a proximate result of the retaliation in violation of the False Claims Act, Plaintiff is t
7 entitled to reinstatement with the same seniority that he would have had but for the retaliation, two
8 times the amount of back pay, and interest on the back pay according to proof.

9 **THIRD CAUSE OF ACTION**

10 **FOR RETALIATION IN VIOLATION OF THE FEHA**

11 **(BY PLAINTIFF AGAINST ALL DEFENDANTS)**

12 57. Plaintiff re-alleges and incorporates by reference paragraphs 1 through 55 of this
13 Complaint as though fully set forth herein.

14 58. Government Code section 12940(h) makes it an unlawful employment practice for an
15 employer to discharge, expel, or otherwise discriminate against any person because the person has
16 opposed any practices forbidden under the FEHA or because the person has filed a complaint,
17 testified, or assisted in any proceeding under the FEHA.

18 59. Plaintiff opposed practiced forbidden under the FEHA and assisted in a proceeding under
19 the FEHA by informing the Board of allegations of sexual harassment against Director Apodaca,
20 by instituting and ordering an investigation of sexual harassment charges brought against Director
21 Apodaca, and for reporting the result of the investigation to the Board, all as afore pled.

22 60. Plaintiff's opposition to the practices forbidden under the FEHA and assistance in a
23 proceeding under the FEHA were substantial motivating factors for the Employer Defendants'
24 decision to falsely accuse Plaintiff of not doing his job, give him poor evaluations, defame him,
25 terminate his employment, and other adverse employment actions according to proof.

26 61. As a proximate result of the retaliation, Plaintiff has suffered mental anguish and emotional
27 suffering and other general damages past and future in an amount in excess of the minimum
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1 jurisdiction of this court and according to proof.

2 62. As a further proximate result of said retaliation as afore pled, Plaintiff has suffered a loss of
3 tangible employment benefits including lost wages and fringe benefits past and future in an amount
4 in excess of the minimum jurisdiction of the court and according to proof.

5 63. As a further proximate result of the retaliation as afore pled, Plaintiff was required to and
6 did retain attorneys, and is accordingly entitled to an award of attorneys' fees according to proof.

7 64. As a further proximate result of said retaliation, Plaintiff has incurred and/or will continue
8 to incur medical expenses in amount according to proof at the time of trial.

9 **FOURTH CAUSE OF ACTION**

10 **BREACH OF CONTRACT**

11 **(BY PLAINTIFF AGAINST ALL DEFENDANTS)**

12 65. Plaintiff re-alleges and incorporates by reference each and every allegation contained in
13 paragraphs 1 through 64 of the Complaint as though fully set forth herein.

14 66. Plaintiff and the Employer Defendants entered into a five year Employment Agreement in
15 which Plaintiff was hired as GM for Employer Defendants at a salary of \$195,000 per year plus
16 benefits.

17 67. On October 9, 2014, Employer Defendants breached their employment contract with
18 Plaintiff by, among other things, terminating Plaintiff without cause, and failing to pay Plaintiff a
19 twelve month severance package to which he is entitled under the terms of the Employment
20 Agreement.

21 68. Plaintiff had three (3) years and seven (7) months remaining on his five (5) year
22 employment contract with Employer Defendants at the time of Employer Defendants breach.

23 69. Plaintiff performed all the terms, conditions, covenants, obligations, and promises required
24 under his employment contract with Employer Defendants except for those conditions, covenants,
25 obligations, and promises that have been excused, prevented, or waived by the acts and/or conduct
26 of Employer Defendants.

27 70. Plaintiff is informed and believes that the Employer Defendants breached the covenant of
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1 good faith and fair dealing.

2 71. The Employer Defendants' breach of Plaintiff's employment contract caused him harm.

3 72. As a proximate and foreseeable result of Employer Defendants' breach of Plaintiff's
4 employment contract, and their breach of the covenant of good faith and fair dealing, Plaintiff is
5 entitled to the remaining payments and benefits due to him under the Agreement, less reasonable
6 mitigation plus interest according to proof at trial.

7 **FIFTH CAUSE OF ACTION**

8 **DEFAMATION**

9 **(BY PLAINTIFF AGAINST ALL DEFENDANTS)**

10 73. Plaintiff re-alleges and incorporates by reference each and every allegation contained in
11 paragraphs 1 through 72 of the Complaint as though fully set forth herein.

12 74. Vasquez, acting in the course and scope of her employment with the Employer Defendants,
13 repeatedly defamed Plaintiff as afore pled.

14 75. On September 22, 2014, Vasquez and other members of the Board, while in the course and
15 scope of their employment or agency with Employer Defendants, published both in writing and
16 orally defamatory statements against Plaintiff, which included, but was not limited to, falsely
17 stating that Plaintiff: "caused [a] \$1.3 million loss to Central Basin for alleging fraud on [the]
18 Pacifica matter"; "refus[ed] to follow board directives with respect to controlling legal bills and
19 services"; "fail[ed] to properly investigate and document payment of [a] \$16K judgment, ignored
20 two legal opinion[s], and lied about Olivarez giving an opinion"; "promis[ed] to steer donations
21 from Central Basin contractors to directors campaign accounts"; and other defamatory statements
22 according to proof. The defamatory statements were understood as assertions of fact, and not as
23 opinion.

24 76. On September 24, 2014, Vasquez and other members of the Board, while in the course and
25 scope of their employment or agency with Employer Defendants, published further statements
26 against Plaintiff, which included, but was not limited to, falsely stating that Plaintiff: "fail[ed] to
27 bring before the board of directors [the] agenda item regarding director Chacon owns monthly car
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1 allowance and driver's license after being repeatedly asked to do so"; "refused to provide employee
2 due process causing a lawsuit against the District"; caused the "downgrading of bond rating";
3 "fail[ed] to provide a media action plan after being asked to do so on numerous occasions, both in
4 writing and during public meetings"; and other defamatory statements according to proof. The
5 defamatory statements were understood as assertions of fact, and not as opinion.

6 77. After Plaintiff's termination, on or around February 27, 2015, Vasquez, while in the course
7 and scope of her employment or agency with Employer Defendants, published further defamatory
8 statements against Plaintiff, which included, but was not limited to, falsely stating to the Whittier
9 Daily News that "There are many questions that need to be asked of Mr. Perez," "For example,
10 how does a \$16,000 personal judgment[] against a director get paid without board approval," which
11 suggests that Plaintiff was involved in illegal activity.

12 78. These defamatory statements were made both orally and in writing. Plaintiff is informed
13 and believes, and thereon alleges, that the Employer Defendants, through their agents, were aware
14 of these defamatory comments and publications.

15 79. Plaintiff is informed and believes that these defamatory statements were repeatedly
16 published and republished to various other employees and individuals at the Premises as well as to
17 third parties not employed by the Employer Defendants.

18 80. The defamatory meaning of these false statements and their reference to Plaintiff were
19 reasonably understood by the above recipients and other members of the community who are
20 known to Employer Defendants but unknown to Plaintiff at this time.

21 81. The defamatory publications consisted of knowingly false and unprivileged
22 communications, directly to injure Plaintiff and Plaintiff's personal business and professional
23 reputation. These defamatory publications were in violation of Civil Code sections 45 and
24 46(3)(5).

25 82. All of these statements were false. All of these statements were unprivileged.

26 83. Employer Defendants, through Vasquez and others, failed to use reasonable care to
27 determine the truth or falsity of the statements(s).

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1. For damages for lost employment income and benefits, past and future, according to proof;
2. For two times the amount of back pay, and interest on the back pay, according to proof;
3. For any special damages sustained according to proof;
4. For general damages for pain and suffering, past and future, according to proof;
5. For damages for past and future medical expenses according to proof;
6. For attorney's fees according to proof and as permitted by law;
7. For costs of suit incurred herein; and
8. For such other and further relief as the court deems just and proper.

Dated: June 18, 2015

SOTTILE ■ BALTAxe
BALL & BONHOLTZER
By Timothy B. Sottile
TIMOTHY B. SOTTILE, ESQ.
Attorneys for Plaintiff Antonio Perez

DEMAND FOR JURY TRIAL

Plaintiff hereby requests a trial by jury.

Dated: June 18, 2015

SOTTILE ■ BALTAxe
BALL & BONHOLTZER
By Timothy B. Sottile
TIMOTHY B. SOTTILE, ESQ.
Attorneys for Plaintiff Antonio Perez

EXHIBIT A

Employment Agreement

This Employment Agreement ("Agreement") is by and between the Central Basin Municipal Water District ("District") and Antonio J. Perez ("Employee"). (The District and the Employee are sometimes collectively referred to as the "Parties" and either or both may also be referred to as a "Party.")

RECITALS

A. WHEREAS, the District is a municipal water district organized and operating pursuant to the provisions of California Water Code section 71000 et seq., and is governed by a Board of Directors ("Board").

B. WHEREAS, the District desires to continue the services of Employee as General Manager of the District as specified in this Agreement.

C. WHEREAS, the District desires to compensate Employee for his services, establish certain conditions of employment, and set certain working conditions of the Employee.

D. WHEREAS, the District desires to: (1) secure and retain the services of Employee, and (2) provide a means for terminating Employee's services at any time during the term of employment by the District.

E. WHEREAS, the Employee also desires to be employed by the District as its General Manager under the terms and conditions set forth herein.

F. WHEREAS, the Employee desires to continue employment as the General Manager of the District under the terms and conditions set forth herein.

Section 1 - Purpose

The District desires to continue employment of Employee as General Manager of the District and Employee is willing to do so on the terms and conditions set forth below. This Agreement replaces and supersedes any other employment agreement between the District and Employee.

Section 2 - Employment and Duties

The District agrees to employ the services of the Employee and the Employee hereby accepts employment together with all terms and conditions set forth herein as General Manager of the District, subject to Board approval. Employee agrees to and shall perform the duties described in the Municipal Water District Law for the General Manager of a municipal water district and perform other duties assigned to him by the Board. Employee also agrees to perform the duties and functions specified in all relevant ordinances, resolutions and codes, including the Administrative Code, adopted by the District, as modified, supplemented, rescinded, or revised from time to time, and to perform such other legally permissible and proper duties and functions as the Board shall otherwise assign from time to time. The Employee shall have full power and authority to perform all applicable statutory functions and duties as General Manager of the District and to comply with all applicable statutes, laws, regulations, ordinances, codes, including the Administrative Code, resolutions, policies, and/or minute actions. Employee's duties 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, managing and conducting the business of the District, and performing any special duties which may be assigned or delegated to Employee by the Board.

Employee agrees to and shall observe and conform to the general employment policies and practices established by the Board, including those set forth in the Administrative Code, as modified, supplemented, rescinded, or revised from time to time, to the extent that they do not conflict with the express terms of this Agreement. Except as otherwise provided by law, in the event of any conflict or inconsistency between the terms of this Agreement and the general employment policies and practices of the District, including those set forth in the Administrative Code, and this Agreement (as either may be amended from time to time), the terms of this Agreement shall prevail and control to the extent of such conflict or inconsistency.

Employee will utilize Employee's best efforts in completing Employee's duties pursuant to this Agreement and shall perform the services required herein at the District Headquarters and during business office hours whenever reasonably possible. However, Employee will devote time outside of normal business office hours and perform work outside of the District Headquarters as necessary to competently perform Employee's assigned duties and functions.

To ensure that nothing interferes with the performance of Employee's duties under this Agreement or create any conflict of interests during Employee's employment with the District, Employee shall devote Employee's full energies, interest, abilities, and productive time to the satisfactory performance of this Agreement and shall not engage in any other employment or participate in any outside business activities except as permitted under the applicable Conflict of Interest policies (including but not limited to the Political Reform Act Policy) of the District and unless Employee receives the prior written consent of the Board.

Section 3 - Term

Subject to any negotiated extension or earlier termination as provided for under the terms of this Agreement, Employee shall be employed for a period beginning on the Effective Date of this Agreement and terminating on June 30, 2018.

Upon the termination of employment, Employee agrees to (i) return to the District all District property and information in whatever form he received by virtue of his employment with the District and (ii) not solicit any District employee to leave and work with Employee.

Section 4 - Termination of Employment

(a) Termination Without Cause. Employee serves at the pleasure of the Board. The District may, accordingly, acting through the Board, terminate the Employee's employment with the District pursuant to this Agreement with or without prior notice and with or without cause. However, in the event that the District terminates Employee's employment with the District under this Agreement without cause, except as otherwise permitted by operation of death, disability, or expiration of the term of this Agreement as set forth below, during the first twelve (12) months of the term of this Agreement, the District agrees to pay Employee a severance payment equal to six (6) months salary, less all applicable payroll deductions (including taxes) only and provided that Employee has executed a Release (attached herein as Exhibit A). In the event that the District terminates Employee's employment with the District under this Agreement without cause, except as otherwise permitted by operation of death, disability, or expiration of the term of this Agreement as set forth below, after the first twelve (12) months of the term of this Agreement and Employee meets his performance objectives as determined by the District, the District agrees to pay Employee a severance payment equal to twelve (12) months salary, less all applicable payroll deductions

(including taxes) only and provided that Employee has executed a Release (attached herein as Exhibit A). Upon such termination of employment, all compensation pursuant to this Agreement shall cease and the District's obligations to the Employee shall terminate immediately other than: (i) any obligations with respect to the payment of accrued and unpaid Base Salary; (ii) any obligations to health benefits as an eligible retiree as set forth in Section 6(k) of this Agreement; and (iii) the reimbursement of any unpaid reasonable expenses for the District in accordance with the District's expense reimbursement policies and procedures.

(b) Termination for Cause. The District may terminate this Agreement immediately and without any additional compensation and without any severance payment to Employee as set forth in Section 4(a), upon termination by the District for cause. For purposes of this Agreement, "cause" is defined as: (i) any act or conduct involving dishonesty, embezzlement, intentional fraud (including fraud by omission), or moral turpitude, whether related to Employee's performance of his job duties or not, or intentional misuse of, diversion of, or misappropriation of funds which is directed towards the District or third parties when acting on (or purporting to act on) the District's behalf; (ii) the Employee's conviction or plea of nolo contendere (or "no contest") to either any felony, misdemeanor, or any crime or offense causing harm to the District or its customers (whether or not for personal gain) or involving acts of theft, fraud, embezzlement, or moral turpitude; (iii) gross mismanagement (defined as egregious management decisions which have a negative impact on the District); (iv) actions in material violation of the District's Administrative Code or this Agreement, including but not limited to, misconduct through violation of the District's employment policies and workplace rules; (v) either a willful or knowing failure or refusal by the Employee to perform any or all of his material duties and responsibilities as an employee of the District or a willful or knowing failure to follow or comply with the lawful directives of the Board; (vi) habitual neglect of duty, other than as the result of the Employee's disability; or (vii) frequent or extended, and unjustifiable (not as a result of incapacity or disability) absenteeism resulting in a material failure by the Employee in the performance of his duties. Upon such termination of employment, the District's obligations to the Employee shall terminate immediately other than: (i) any obligations with respect to the payment of accrued and unpaid Base Salary; and (ii) the reimbursement of any unpaid reasonable expenses for the District in accordance with the District's expense reimbursement policies and procedures. All other compensation pursuant to this Agreement shall cease and Employee shall forfeit any and all rights to retiree health coverage and shall have no rights to any severance payment as set forth in Section 4(a).

(c) Termination on Resignation. Employee may resign from employment with the District subject to prior written notice of not less than sixty (60) days, unless otherwise mutually agreed. In the event of Employee's resignation, Employee shall be ineligible to receive any severance payment as set forth in Section 4(a). Upon such termination of employment, the District's obligations to the Employee shall terminate immediately other than: (i) any obligations with respect to the payment of accrued and unpaid Base Salary; (ii) any obligations to health benefits as an eligible retiree as set forth in Section 6(k); and (iii) the reimbursement of any unpaid reasonable expenses for the District in accordance with the District's expense reimbursement policies and procedures. Otherwise, all compensation pursuant to this Agreement shall cease and no severance payment as set forth in Section 4(a) will be made to Employee.

(d) Termination for Disability and/or Job Abandonment. Employee's employment with the District and this Agreement shall terminate immediately if, because of a mental or physical disability or infirmity, Employee is unable to perform the essential functions of his job as determined by the District, with or without reasonable accommodation, for a consecutive period of sixty (60) days, or such greater period as may be required by applicable law. Upon such termination of employment, the District's obligations to the Employee shall terminate immediately other than: (i) any obligations with respect to the payment of accrued and unpaid Base Salary; (ii) any obligations to health benefits as an eligible retiree as set forth in Section 6(k); and (iii) the reimbursement of any unpaid reasonable expenses for the

District in accordance with the District's expense reimbursement policies and procedures. Otherwise, all compensation pursuant to this Agreement shall cease and no severance payment as set forth in Section 4(a) will be made to Employee.

(e) Termination Upon Employee's Death. If Employee dies during the term of this Agreement, the Employee's employment with the District shall end and this Agreement shall be terminated on the date of the Employee's death. Upon such termination of employment, the District's obligations to the Employee (including the Employee's estate) shall terminate immediately other than: (i) any obligations with respect to the payment of accrued and unpaid Base Salary; (ii) any obligations to health benefits to the surviving spouse as an eligible retiree as set forth in Section 6(k); and (iii) the reimbursement of any unpaid reasonable expenses for the District in accordance with the District's expense reimbursement policies and procedures. Otherwise, all compensation pursuant to this Agreement shall cease and no severance payment as set forth in Section 4(a) will be made to Employee (including the Employee's estate).

(f) Termination on Expiration of Agreement. If this Agreement expires by its natural term set forth in Section 3, the District's obligations to the Employee shall terminate immediately other than: (i) any obligations with respect to the payment of accrued and unpaid Base Salary; (ii) any obligations to health benefits as an eligible retiree as set forth in Section 6(k); and (iii) the reimbursement of any unpaid reasonable expenses for the District in accordance with the District's expense reimbursement policies and procedures. Otherwise, all compensation pursuant to this Agreement shall cease and no other payment shall be made to Employee.

Section 5 - Performance Reviews

During the first ninety (90) days, the Board will establish Employee's performance objectives for the first six (6) months of employment. The Board will provide a performance evaluation after the first six (6) months of employment at which time the Board will also develop new performance objectives for the following six (6) months of employment.

For the duration of the term of this Agreement, Employee's performance shall be reviewed by the Board before the end of each fiscal year. Employee shall complete a written self-evaluation, draft a set of goals and objectives for the upcoming fiscal year and review his job description. The Board will evaluate Employee's agreed-to major responsibilities and goals and objectives for the current fiscal year and Employee's proposed goals and objectives for the next fiscal year. The Board will also review Employee's job description and make any needed revisions to reflect any changes in their general expectations for Employee.

The Board shall meet with Employee in the month of May of every fiscal year to present him with a copy of the Board's evaluation of his performance and also discuss and agree to his performance objectives and any job description changes for the new fiscal year. At that time, the Board shall also discuss its review of Employee's compensation (salary and benefits) and negotiate a potential renewal of this Agreement.

Section 6 - Compensation

(a) Base Salary. Beginning on the Effective Date of this Agreement, the District shall pay Employee an annual salary of One Hundred and Ninety-Five Thousand Dollars (\$195,000.00), subject to authorized and required payroll deductions and withholdings and payable in accordance with the District's normal payroll practices (the "Base Salary").

(b) Merit Increase. The Base Salary to be paid to Employee may be adjusted upward by the Board at any time based upon Employee's accomplished performance objectives and contribution to the success of the District and on such other factors as the Board shall deem relevant from time to time.

After six (6) months of employment, the Board will consider a Five Thousand Dollar (\$5,000.00) salary increase (a new Base Salary totaling Two Hundred Thousand Dollars (\$200,000.00)), provided that Employee has met the performance objectives stipulated by the Board during the first six (6) months of employment. This increase in salary is solely within the discretion of the Board and Employee shall have no expectation or entitlement to said increase.

After twelve (12) months of employment, the Board will consider an additional \$5,000 salary increase (a new Base Salary totaling Two Hundred and Five Thousand Dollars (\$205,000.00)), provided that Employee has met the performance objectives stipulated by the Board during the first twelve (12) months of employment. This increase in salary is solely within the discretion of the Board and Employee shall have no expectation or entitlement to said increase.

(c) Employee Benefits. Except as otherwise provided herein, while employed with the District, Employee shall be entitled to participate in District-sponsored benefit plans including health (medical, dental, vision, HRA benefits) and to receive the District's standard employee benefits to the extent that Employee is otherwise qualified to participate under the terms of any applicable benefit plans or District rules relating to those benefits. Consistent with applicable law, the District reserves the right to modify, supplement, rescind, or revise any provision of District benefit plans, or to cease providing certain benefits, or to add new benefits, from time to time as it deems necessary or appropriate in its sole discretion.

(d) Paid Vacation. Employee shall be entitled to an initial balance of accrued vacation of eighty (80) hours at commencement of employment and an additional forty (40) hours at the completion of six (6) months of employment provided Employee has met the first six (6) month performance objectives. After twelve (12) months of employment, Employee will accrue up to twenty (20) days of vacation annually, subject to the District's vacation accrual policies as established by the District's Administrative Code.

(e) Paid Sick/Emergency Leave. Employee shall be entitled to an initial balance of accrued vacation of ninety-six (96) hours at commencement of employment. After twelve (12) months of employment, Employee shall be entitled to one (1) day of sick/emergency leave per month (96 hours per year) during the term of this Agreement, subject to the District's sick/emergency leave accrual policies as established by the District's Administrative Code.

(f) Personal Holidays. Employee shall be provided, to use at his sole discretion, two (2) "Personal Holidays" per year in January of every calendar year. These days may accrue to a maximum of double the allotted personal holidays. Once at the maximum, accrual will cease until the accrued days are used.

(g) Professional Development. Employee shall be entitled to two (2) days per year to be used at the discretion of Employee for professional development. To the extent these days are unused within a calendar year then the unused days shall become paid vacation days in addition to those vacation days accrued annually.

(h) Car Allowance. Employee shall receive a car allowance based on competitive information obtained by a survey of other agencies which shall not exceed that of the Director's amount. The survey shall be performed by Human Resources.

(f) CALPERS Contribution. Except as otherwise provided herein, while employed with the District, Employee shall be entitled to participate in the District-sponsored California Public Employees Retirement System (CalPERS) and to receive the District's standard employee pension benefits to the extent that the Employee is otherwise qualified to participate under the terms of CalPERS or District rules relating to those benefits. Consistent with applicable law, the District reserves the right to modify, supplement, rescind, or revise any provision of the District's CalPERS plan, or to cease providing certain benefits, from time to time as it deems necessary or appropriate in its sole discretion.

(j) Reimbursement of Expenses. The District will provide the following: (1) technology equipment, including (i) a phone with paid service connection, and (ii) an ipad or laptop with paid service connection; (2) a corporate credit card to be used pursuant to the District's Travel Expenses and Reimbursement for District Employees policy; (3) reimburse Employee or pay for necessary and reasonable travel and meeting expenses including attendance at conferences and seminars; and (4) reimburse or pay for necessary professional licensures and professional memberships.

(k) Retiree Health Eligibility. Provided that Employee complete five (5) consecutive years of employment, Employee will be eligible for lifetime retiree health care benefits for Employee and his spouse or his surviving spouse.

Section 7 - Notice

A notice or communication required or permitted to be given under this Agreement shall be effective when deposited, postage prepaid, with the United States mail. Any notice to the District shall be addressed as follows:

Central Basin Municipal Water District
6252 Telegraph Road
Commerce, CA 90040

Notice to Employee shall be addressed to his last known residence as reflected in the District's records.

Section 8 - Miscellaneous Provisions.

(a) Integration and Modification. This Agreement contains the entire agreement between the Parties with respect to the employment of the Employee by the District and supersedes all prior and contemporaneous 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. Subsequent amendments to this Agreement shall only be valid if made in writing and signed by both Parties.

(b) Construction of Agreement. This Agreement shall be interpreted in accordance with the plain meaning of its terms and not strictly for or against any of the Parties. The Parties agree that the rule of construction to the effect that any ambiguities are to be construed against the drafting party shall not be employed in any interpretation of this Agreement. Each provision of this Agreement shall be interpreted so as to render it effective and valid. Similarly, the paragraph headings of this Agreement are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

(c) 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.

(d) Choice of Law. This Agreement shall be governed by and shall be construed in accordance with the laws of the State of California (without regard to its conflicts of law provisions) and by the laws of the United States to the extent those laws supplement, form part of, or preempt California state law.

(e) 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 and his heirs, administrators, executors, representatives, successors, and assigns.

(f) 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.

(g) Counterparts, Multiple Originals, and Related Provisions. The Parties agree that this Agreement may be executed in multiple originals including multiple counterparts, and that each of the counterparts to any original taken together shall constitute one valid and binding agreement between and among the Parties. The Parties also agree that, so long as each of the Parties executes this Agreement, a copy of this Agreement signed by any Party shall be deemed to constitute an original, and shall be fully enforceable against such Party, and that photocopies or facsimile copies of this Agreement, including signed counterparts, may be used in lieu of the originals for any purpose.

(h) 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.

(i) Other Terms and Conditions of Employment. The District reserves the right, but does not undertake the obligation, to fix other terms and conditions of employment consistent with the purpose of this Agreement and California law.

Section 9 – Effective Date

The Parties agree that this Agreement, if signed by all Parties, will take effect on the last date on which it or a counterpart hereto is signed by any Party. The terms of this Agreement shall be applied retroactively to May 1, 2013, the date Employee first began employment with the District as General Manager.

THE EMPLOYEE ACKNOWLEDGES THAT THE EMPLOYEE HAS READ AND UNDERSTANDS THE FOREGOING PROVISIONS OF THIS AGREEMENT. THE EMPLOYEE FURTHER ACKNOWLEDGES THAT THE EMPLOYEE HAS HAD THE OPPORTUNITY TO OBTAIN ADVICE FROM THE EMPLOYEE'S OWN LEGAL COUNSEL IN REVIEWING THIS AGREEMENT AND ITS LEGAL OBLIGATIONS AND CONSEQUENCES.

I HAVE READ THIS AGREEMENT CAREFULLY AND UNDERSTAND AND AGREE TO ITS TERMS.

Dated: 7-22- 2013




(Signature of the Employee)

Antonio J. Perez

(Printed Name of the Employee)

ACCEPTED AND AGREED TO:

Central Basin Municipal Water District



(Signature)

James Raybal

(Printed Name)

Title: Board President

Dated: 7-22- 2013

APPROVED AS TO FORM:

Central Basin Municipal Water District, General Counsel



(Signature)

Ric E. Olivares

(Printed Name)

Dated: 7-22-13