AMENDED & RESTATED
EMPLOYMENT AGREEMENT
BETWEEN
EL TORO WATER DISTRICT
AND
DENNIS P. CAFFERTY

This Employment Agreement (the "Agreement") is made and entered into effective December 15, 2025, by and between El Toro Water District (hereinafter referred to as "District") and Dennis P. Cafferty (hereinafter referred to as "Employee").

RECITALS

A. WHEREAS, the District is a local public agency organized and operating pursuant to Division 13 of the California Water Code; and

B. WHEREAS, the District performs a vital function in providing safe, reliable water, recycled water and sanitation services for the area it serves. In order to effectively carry out the District's functions, it requires skilled, competent, experienced, and loyal management at the highest level; and

C. WHEREAS, Employee has served as Assistant General Manager/District Engineer of the District since September 25, 2015 and previously served as Director of Operations and Engineering since August 20, 2001 and in the course of such service, Employee has demonstrated excellence in leadership and dedication to the fundamental functions of the District and the public which it serves; and

NOW, THEREFORE, the parties agree as follows:

AGREEMENT

1.0 Incorporation of Recitals. The Recitals set forth above are hereby made a part of this Agreement and are incorporated herein as though set forth in full by this reference.

2.0 Entire Agreement. This Agreement contains the entire agreement between the parties with respect to the subject matter of this Agreement and this Agreement shall supersede all prior agreements between the parties on this subject matter.

3.0 Employment. The District hereby employs Employee, who accepts such employment, to serve as its General Manager.

4.0 Term. The term of this Agreement shall be approximately ten months from the effective date of this Agreement, running from 8/24/26 through 6/30/2027, unless otherwise terminated as provided for in Section 8.0 of this Agreement.

4.1 Unless the Board provides written notice to Employee that this Agreement will not be extended beyond its term, at least sixty (60) days prior to the expiration date, the term of this Agreement shall automatically be extended for an additional one (1) year. Within one hundred twenty (120) days prior to the expiration of the term of this Agreement, the Employee and/or the District's Manager of Human Resources shall provide the Board with written notice of the provisions of this Section 4.1.

5.0 Duties.

5.1 Employee, as General Manager, shall perform such duties as may be required of him by the District's Board of Directors. The General Manager is the chief administrative officer of the District, responsible directly to the Board of Directors. Employee shall have charge of and supervise the administrative activities of the District. Employee shall further be responsible to the Board of Directors for the operations of the District's functions and facilities; plan and carry out all construction work necessary or proper to carry out the functions of the District; make such recommendations to the Board of Directors concerning the affairs of the District as may seem desirable to him; prepare and submit to the Board of Directors an annual budget for the Board of Directors' consideration and such reports as may be required by the Board of Directors; and shall maintain the District's public relations. In addition to the foregoing, Employee shall perform the duties set forth in Exhibit A attached hereto.

5.2 Employee will devote his full time and best efforts to performing his duties and to District's business affairs.

5.3 Employee may devote a reasonable amount of time to professional and community-related activities so long as the time devoted to these activities does not interfere with the performance of his duties to the District. Participation at these activities will be subject to the review of Board of Directors.

6.0 Compensation.

6.1 Annual Base Salary. Employee shall be paid an annual salary of $334,950. Said compensation shall be paid in equal bi-weekly payments.

6.2 Performance Review.

The Board will review the performance of Employee annually. The targeted annual review date is the month of December of each year, commencing in December, 2019. The review will cover the latest twelve (12) month period and will focus on the Employee's achievements, contributions, Board expectations, effectiveness and leadership. The review will also be used to establish the performance goals and objectives for the next twelve (12) months of service, or through the end of the contract term.

6.3 Merit Adjustment. On or about October 1 of each year, commencing October, 2019, the District's Board of Directors shall evaluate the performance of Employee and other relevant factors. In conjunction with each annual performance evaluation, at the Board's sole discretion, the Board shall consider making reasonable adjustments in the annual salary of Employee and/or a lump sum superior performance award, as the Board may deem appropriate, in accordance with such evaluation. The District Board of Directors shall meet and confer with Employee in regard to such evaluation and the conclusions to be reached therefrom. Salary adjustments, if any, shall be effective with the last payroll period in December. However, it is understood that the District makes no commitment to increase or otherwise adjust Employee's salary at any particular time or on any regular basis.

6.4 Overtime Pay. As an exempt managerial employee, under no circumstances will Employee be entitled to any overtime pay regardless of the number of hours he may work in any work week.

6.5 Benefits. Employee will be entitled to receive the following fringe benefits.

6.5.1 District will provide Employee with the same benefits as regular full-time employees of the District including, but not limited to: participation in the District's 401(k) plan and 457 deferred compensation plan, vacation and sick leave (including financial reconciliation of any payouts for same), paid holidays, medical insurance, dental insurance, vision care, life insurance, accidental death and dismemberment insurance, long term care, and long-term disability benefits.

6.5.2 District will provide Employee with a District cellular phone. All reasonable, documented expenses concerning this item will be the responsibility of District.

6.5.3 Inasmuch as Employee, in the performance of his duties and responsibilities will be required to travel regularly to meetings and activities outside the offices of the District, the District will provide Employee with a $750 monthly Auto Allowance as compensation for depreciation, insurance, maintenance, operation costs and fuel for his personal vehicle. Employee shall not be entitled to any additional compensation for auto expenses and mileage.

7.0 Business Expenses. Employee will be reimbursed for documented and reasonable business expenses (exclusive of auto expenses) in connection with the performance of his duties under this Agreement and in accordance with District's general policies on business expenses.

8.0 Termination of Employment.

8.1 By Employee. Employee may terminate this Agreement upon giving ninety (90) days' written notice to the Board of Directors.

8.2 By District.

8.2.1 General Rule. Notwithstanding Section 4.0, Employee as General Manager, serves at the pleasure of the Board. Employee's employment with District is "at-will", which means that the District may terminate this Agreement, and Employee's employment, at any time, with or without cause. Any modification of the "at-will" nature of the employment relationship must be in writing and executed by both Employee and the Board of Directors.

8.2.2 A District decision to terminate shall be made in accordance with the laws including Brown Act provisions regarding personnel actions. In recognition of Employee's professional status and integrity, the District and Employee shall prepare a joint public statement, approved by both parties, to be made by the Board of Directors at the first public disclosure of termination by the District. Approval of the joint public statement by either party shall not be unreasonably withheld.

8.2.3 The Employee may choose to resign his office instead of being terminated if an action by the District to terminate has been made in a closed session of the Board of Directors. In such an event, the public announcement as provided for in paragraph 8.2.2 above will note Employee has resigned, and other terms set forth in paragraph 8.2.2 remain applicable.

8.3 Separation Terms

In the event either the Employee or the District terminates this Agreement, with or without cause, Employee's eligibility for post-retirement benefits or compensation for unused vacation and unused but accrued sick leave pay will be as defined in the El Toro Water District Employee Handbook.

8.4 Severance Pay.

8.4.1 In the event Employee elects to terminate this Agreement, he shall not be entitled to severance pay.

8.4.2 In the event Employee's employment is terminated by the District at any time without cause, Employee will be entitled to severance pay equal to the lesser of (a) his monthly salary multiplied by six (6) or (b) his monthly salary multiplied by the number of months left on the unexpired term of this Agreement. (See Government Code section 53260.)

8.4.2.1 Employee will also receive medical, dental and vision benefits for a six (6) month period or until such time as Employee finds other employment, whichever occurs first.

8.4.3 In the event Employee's employment is terminated as a result of a merger, consolidation or dissolution of the District, he will be entitled to severance pay equal to the lesser of (a) his monthly salary multiplied by 12 or (b) his monthly salary multiplied by the number of months left on the unexpired term of this Agreement. (See Government Code section 53260.)

8.4.4 The severance pay provisions provided for in 8.4.2 and 8.4.3 shall be paid in full upon the termination of Employee's employment.

8.4.5 Reimbursement to District. Notwithstanding anything to the contrary in this Agreement, if Employee is convicted of a crime involving an abuse of his office or position, Employee shall fully reimburse the District as follows:

8.4.5.1 For any paid leave salary provided by the District pending an investigation. *See Government Code Section 53243.*

8.4.5.2 For any funds provided by the District for the legal criminal defense of Employee. *See Government Code Section 53243*.1.

8.4.5.3 For any cash settlement provided by the District related to the termination of Employee's employment. *See Government Code Section 53243.2.*

8.4.5.4 For purposes of this Section 8.4.5, "abuse of office or position" means either of the following:

(a) An abuse of public authority, including, but not limited to, waste, fraud, and violation of the law under color of authority. *See Government Code Section 53243.4 (a).*

(b) A crime against public justice, including but not limited to, a crime described in Title 7 (commencing with Section 92) of Part 1 of the Penal Code. *See Government Code Section 53243.4 (b).*

8.5 Termination for Cause.

8.5.1 In the event Employee's employment is terminated by the District for cause, he will not be entitled to severance pay.

8.5.2 Upon allegation that Employee has engaged in conduct that would result in his termination "for cause" as defined below, Employee shall be provided with written notice by the Board of Directors, or its designee, specifying the nature of the violation, the specific policy or rule being violated, the minimum standard necessary to cure the violation.

8.5.3 Employee shall be entitled to address and attempt to rebut those allegations defined in Paragraph 8.5.2, before the Board in a closed session prior to the Board making any final determination regarding the veracity of those allegations. If Employee requests a hearing, the hearing will be held at the Board's earliest convenience in a closed session; unless the right to a public hearing is required by statute and a public hearing is requested by Employee.

8.5.4 In the event the District terminates Employee's employment "for cause" as defined below upon vote of a majority of the Board (i.e., three of five members) at a duly noticed Board meeting, the

District shall provide to Employee a written notice of termination. The written notice of termination will specify the particular cause(s) and the reason(s) justifying the termination of the Agreement for cause.

8.5.5 Definition of Cause. "Cause" means the occurrence or existence of any of the following with respect to Employee, as determined by the Board: (1) A material breach by Employee of the terms of his employment; (2) the repeated material breach by Employee of any duty referred to in paragraph 5.0 above on which at least one prior written notice was given; (3) any act of dishonesty, misappropriation, embezzlement, intentional fraud, or similar misconduct by Employee; (4) the conviction or the plea of nolo contendere or the equivalent in respect of a felony involving moral turpitude; (5) any damage of a material nature to any property of District caused by Employee's willful or grossly negligent conduct; (6) being under the influence of, or impaired by, an illegal or controlled substance, alcohol or marijuana while on the job. Using or possessing illegal or controlled substances, alcohol or marijuana while on the job (including the illegal use of prescription drugs and possessing drug paraphernalia); (7) the Board reasonably determines that Employee is unfit to serve as General Manager of District; (8) conduct by Employee that in the good faith determination of the Board demonstrates unfitness to serve as General Manager of District, including, without limitation, a finding by the Board or any regulatory authority that Employee committed acts of employee harassment or violated a material law or regulation applicable to the business of the District.

8.5.6 Termination for cause may not include a refusal by Employee to carry out a request of any single Board member to undertake an activity that is in actual contravention of statute, such as, but not necessarily limited to, the Brown Act, Public Records Act, ethics laws or Political Reform Act of 1974.

9.0 Dispute Resolution. Employee and District agree that, if a dispute arises concerning or relating to Employee's employment with District, or the termination thereof, including but not limited to severance pay, the dispute shall be submitted to binding arbitration under the rules of the American Arbitration Association then in effect. The arbitration shall take place in Orange County, California, and both Employee and District agree to submit to the jurisdiction of the arbitrator selected in accordance with American Arbitration Association rules and procedures. This arbitration procedure will be the exclusive means of redress for any disputes relating to or arising from Employee's employment, or termination thereof, with District, including disputes over rights provided by federal, state, or local statutes, regulations, ordinances, and common law, including all laws that prohibit discrimination based on any protected classification. The parties expressly waive the right to a jury trial, and agree that the arbitrator's award shall be final and binding on both parties, and nonappealable. The arbitrator shall have discretion to award monetary and other damages, or to award no damages, and to fashion any other relief the arbitrator deems appropriate.

10.0 Successors and Assigns. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the District's successor agency or entity as the case may be.

11.0 Severability. If any term, provision, or part of this Agreement is found by a court to be invalid, illegal, or incapable of being enforced by any rule of law or public policy, all other terms, provisions, and parts of this Agreement shall nevertheless remain in full force and effect as long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. On such determination that any term, provision, or part of this Agreement is invalid, illegal, or incapable of being enforced, this Agreement shall be deemed to be modified so as to effect the parties' original intent as closely as possible to the end that the transactions contemplated by this Agreement and the terms and provisions of this Agreement are fulfilled to the greatest extent possible.

IN WITNESS WHEREOF, the parties have executed this Agreement effective August 24, 2026.

EL TORO WATER DISTRICT

By ______________________ Date: 8/24/26
Kathryn Freshley, President

By ______________________ Date: 8/24/2026
Kay Havens, Vice President

By ______________________ Date: 8-24-2026
Mike Gaskins

By ______________________ Date: 8/24/26
Wyatt McClean

By ______________________ Date: 8-24-26
Mark Monin

______________________ Date: 8/24/26
DENNIS P. CAFFERTY