

## EMPLOYMENT AGREEMENT

### CHIEF EXECUTIVE OFFICER SEASIDE BASIN WATERMASTER

THIS EMPLOYMENT AGREEMENT ("Agreement") is effective as of August 2, 2006 ("Effective Date") by and between SEASIDE BASIN WATERMASTER ("Watermaster") and DEWEY D. EVANS ("Evans") with reference to the following facts and intentions:

WHEREAS, the Watermaster desires to employ Evans as its Chief Executive Officer ("CEO"); and

WHEREAS, the Watermaster and Evans have reached agreement concerning the terms and conditions of his employment and wish to formalize that Agreement.

NOW, THEREFORE, in consideration of the mutual terms, covenants and conditions stated in this Agreement, the Watermaster and Evans hereby agree as follows:

1. **Employment.** The Watermaster hereby employs Evans, and Evans hereby accepts employment, with the Watermaster as CEO. During the Employment Term (as hereinafter defined), Evans will have the title, status, and duties of CEO and will report directly to the Watermaster Board of Directors ("Board").

2. **Term of Employment.** The term of employment ("Employment Term") shall commence on the Effective Date of this Agreement, and shall continue unless terminated pursuant to section 7 of this Agreement.

a. **General.** As Chief Executive Officer, Evans serves at the pleasure of the Board. No one other than the Board has the authority to alter this arrangement, or to make any agreement contrary to the terms of this agreement. Furthermore, any such agreement or arrangement must be in writing and must be signed by the Chairman of the Board.

b. **Annual Review.** The Board shall arrange for an annual review of Evans' work performance using such procedures as the Board determines appropriate.

3. **Scope of Duties.** During the Employment Term:

a. Evans will perform duties assigned by the Watermaster's Board; provided that Evans shall not be assigned tasks inconsistent with the job description for the CEO attached hereto as Attachment A. Subject to the control and direction of the Board the CEO provides day-to-day leadership for Watermaster and is directly responsible to the Board on all matters pertaining to the administration and operations of the Seaside Groundwater Basin ("Basin")

pursuant to the provisions of the Judgment. The CEO is responsible for overseeing the operative budget and the other employees, if any, of Watermaster. The CEO must keep the Board, through the Advisory Committee process, appraised of all applicable federal, state, regional and local policies regulating Watermaster activities.

b. Evans will devote such time as necessary and use his best efforts, talents, knowledge and experience to serving as the Watermaster's CEO, which may not be unreasonably withheld by the Board.

c. Watermaster recognizes Evans is a part-time CEO and is currently employed by the City of Seaside and may from time to time be employed by other agencies. Should a conflict of interest arise for Evans between the Watermaster and the City of Seaside each of those entities shall notify the Watermaster Board and the City of Seaside, and shall not participate in any material preparation, discussion or decisions regarding the subject matter of the conflict.

d. Evans will perform his duties competently and shall act in conformity with Watermaster's written and oral policies and within the limits, budgets and business plans set by the Board. Except as provided in sub-section 3.c. above Evans shall not engage in consulting work or any trade or business for his own account, or for on or behalf of any other person, firm or company that competes, conflicts or interferes with the performance of his duties hereunder in any material way.

e. Evans shall maintain the books, accounts and records of the Seaside Groundwater Basin Watermaster in conformance with the Judgment.

4. **Hours of Work.** Evans' hours of work will vary depending upon the duties to be performed.

5. **Wage and Benefits.** Watermaster shall pay Evans, and Evans shall accept from Watermaster as full compensation for Evans' services hereunder, a wage of SEVENTY-FIVE AND NO/100 DOLLARS (\$75.00) for each hour worked during each week of Evans' employment. On the first day of each month Evans shall submit an invoice of the amount of time Evans worked during the previous month and the amount owed. Watermaster shall pay the invoice on or before the fifteenth day of each month.

6. **Reimbursable Expenses** Expenses incurred by Evans in the performance of his duties under the terms of this Agreement shall be reimbursed to Evans by Watermaster, but shall be limited to expenses reasonable and necessary for the performance of Evans' duties under this Agreement, and shall be submitted for approval and reimbursement to the Board upon such forms and with receipts and other evidence as may be reasonably required by the Board.

7. **Termination.** This Agreement may be terminated by either party at any time without cause by giving the other party thirty (30) days written notice in the manner set forth in sub-section 9.a. below.

8. **Conflict of Interest.** Evans represents and warrants to Watermaster that he presently has no interest, and covenants that he will not acquire any interest, direct or indirect, financial or otherwise, which would conflict in any manner or interfere with the performance of services required to be performed under this Agreement.

9. **General Provisions.**

a. **Notices.** All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given on the date of service if personally served, or on the first day after mailing if mailed by Federal Express or a similar overnight delivery services, or on the second day after mailing if mailed by first-class mail, registered or certified, return receipt requested, postage prepaid and properly addressed as follows:

Watermaster:           Wastermaster Board  
                                  C/O City of Seaside  
                                  441 Harcourt Street  
                                  Seaside, CA 93955

Evans:                    Dewey D. Evans  
                                  3110 Hermitage Road  
                                  Pebble Beach, CA 93953

Either party may change their address for the purpose of this section by giving the other party written notice of the new address in the manner set forth in this section.

b. **Waiver.** No waiver of a provision of this Agreement shall constitute a waiver of any other provision whether or not similar. No waiver shall constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

c. **Construction of Terms.** All parts of this Agreement shall in all cases be construed according to their plain meaning and shall not be construed in favor or against either of the parties. If any term, provision, covenant or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, in whole or in part, the remainder of this Agreement shall remain in full force and effect and shall not be affected, impaired or invalidated thereby. In the event of such invalidity, voidness or unenforceability the parties

hereto agree to enter into supplement agreements to effectuate the intent of the parties and the purposes of this Agreement.

d. **Controlling Law.** This Agreement shall be construed in accordance with and governed by the laws of the State of California, with venue proper only in Monterey County, California.

e. **Entire Agreement and Amendment.** In conjunction with the matters considered herein this Agreement contains the entire understanding and agreement of the parties; and there have been no promises, representations, agreements, warranties or undertakings by any of the parties, either oral or written, of any character or nature hereafter binding except as set forth herein. This Agreement may be altered, amended or modified only by an instrument in writing, executed by the parties to this Agreement and by no other means. Each party waives their future right to claim, contest or assert that this Agreement was modified, cancelled, superseded or changed by any oral agreement, course of conduct, waiver or estoppel.

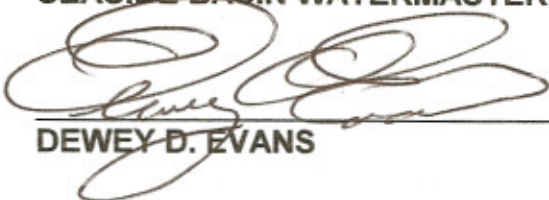
**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement on the date first written above.

**WATERMASTER  
SEASIDE BASIN WATERMASTER**



By: **RALPH RUBIO**  
**CHAIRMAN OF THE WATERMASTER BOARD**

**CHIEF EXECUTIVE OFFICER  
SEASIDE BASIN WATERMASTER**

  
**DEWEY D. EVANS**

**JOB DESCRIPTION  
CHIEF EXECUTIVE OFFICER  
SEASIDE BASIN WATERMASTER**

**DEFINITION**

The Chief Executive Officer (ACEO@) provides day-to-day leadership for the Seaside Basin Watermaster (AWatermaster@).

**SUPERVISION RECEIVED AND EXERCISED**

The CEO receives direction from, and is responsible to, the Watermaster Board of Directors (ABoard@) on all matters pertaining to the administration and operations of the Seaside Basin.

The CEO is directly responsible for overseeing all other employees of the Watermaster.

**ESSENTIAL AND ANCILLARY DUTIES**

The CEO=s essential and ancillary duties are as follows:

1. Ensure compliance with the Judgment, the Rules and Regulations established by the Watermaster, the Basin Monitoring and Management Plan, and any other court mandates prescribed.
2. Ensure that Watermaster Board meeting notices and agendas are timely developed and provided to all persons on the Watermaster service list in advance of each Board meeting;
3. Ensure that minutes of each meeting are properly taken, approved by the Watermaster, and filed.
4. Keep the Board apprised of all applicable federal, state, regional and local issues, events, policies, regulations, laws, etc. that may affect the Seaside Basin or Watermaster activities.
5. Attend and assist in developing the agenda for all Watermaster subcommittee meetings.
6. Solicit, analyze, and negotiate agreements for the replenishment of the Seaside Basin either by direct or Ain lieu@ means.
7. Remain current and report to the Board on legislative issues that may affect the Seaside Basin or Watermaster activities.

8. Develop and manage the Watermaster budget; understand and explain budgetary issues to the Board, the Seaside Basin Producers, and the community.
9. Build positive and cooperative relationships with the members of Watermaster, the Seaside Basin producers, local governments, and members of the public.
10. Promote good customer service, ensuring that Watermaster accomplishes activities in a safe, efficient, friendly, and courteous manner; resolve complaints quickly and reasonably.