EMPLOYMENT AGREEMENT

This Employment Agreement between the City of Yorba Linda ("City") and Mark Pulone ("Manager") ("Agreement") is made this 2nd day of July, 2013.

RECITALS

A. City desires to employ Mark Pulone as the City Manager of the City of Yorba Linda effective August 5, 2013 as provided by Chapter 2.08 of the Yorba Linda Municipal Code and the terms and conditions set out herein.

B. Manager desires to serve as City Manager of the City of Yorba Linda on the terms and conditions set out herein.

C. The City desires to enter into a five-year contract with Mark Pulone as City Manager of the City of Yorba Linda for the period August 5, 2013 to and including August 6, 2018.

AGREEMENT

NOW, THEREFORE, the parties agree as follows on the terms and conditions of Manager's employment.

1. DUTIES

Effective August 5, 2013 ("Effective Date"), City hereby employs Manager, and Manager hereby accepts employment, as City Manager of the City and as Executive Director of the Successor Agency for the Yorba Linda Redevelopment Agency. Manager shall perform the functions and duties specified for the City Manager of the City in Chapter 2.08 of the Yorba Linda Municipal Code and other ordinances, resolutions and policies of the City and to perform such other legally permissible and proper duties and functions as the City Council of the City (the "Council") may from time to time assign, consistent with the Yorba Linda Municipal Code and other applicable law. The City and Manager hereby expressly agree that the employment

relationship created by this Agreement is "at will" and that the Manager serves at the will and pleasure of the City Council.

2. NOTIFICATION REQUIREMENTS REGARDING EXPIRATION OF AGREEMENT

(a) On or before February 6, 2018, and in the event Agreement is not earlier terminated, Manager shall notify Council of the provisions of Section 2 of Agreement, at which time Manager and Council shall meet to discuss whether Agreement shall be renewed or not renewed, and if renewed, upon such terms as the parties may mutually agree to.

(b) On or before March 6, 2018, and in the event Agreement is not earlier terminated, Council shall notify Manager in writing of its intention to renew or not renew Agreement with Manager. If Council fails to provide such written notice to Manager, Manager shall be paid six months of severance pay calculated on his current annual base salary, exclusive of benefits. Said severance pay shall be paid upon expiration of Agreement and shall be paid within 14 days of August 6, 2018. Such severance pay shall be subject to all normal deductions and withholdings except contributions to CalPERS.

3. SEVERANCE AND SEVERANCE PAY AND BENEFITS

(a) Termination by City Without Cause. In the event that Manager is involuntarily terminated by the Council or a "negotiated settlement" for voluntary termination is approved by the Council, City agrees to pay Manager within fifteen (15) days of the later to occur of (i) the date of termination of employment or (ii) the date of final determination by the Council of the matters subject to a hearing as set forth in this paragraph, a lump sum cash payment ("Severance Pay") equal to at least six (6) months of the base salary Manager is receiving on the date of the Council's action to terminate Manager, less legally required or authorized deductions. Manager's Minimum Severance Pay of 6 months shall be increased by one month for each year of complete service, not to exceed 11 months. Pursuant to Government

Code section 53261, City shall also continue the health benefits being provided to Manager at the time of a termination without cause for the same period of Severance Pay, as is applicable in the year in which the termination without cause occurs, or until Manager finds other employment and becomes eligible for health benefits, or until Manager retires, or for the number of months left on the unexpired term of this agreement, whichever occurs first ("Severance Benefits").

In exchange for and as a condition to receipt of the Severance Pay, Manager shall execute a release and waiver, in a form acceptable to the City Attorney, releasing the City from any claims associated with Manager's termination and waiving any rights to unemployment benefits to which Manager may otherwise be entitled.

Pursuant to Government Code section 53260(a), if this Agreement is terminated without cause, the maximum cash settlement that Manager may receive shall be an amount equal to the monthly base salary of Manager multiplied by the number of months left on the unexpired term of this Agreement, provided that Manager shall not be entitled to any greater cash settlement than the amount of Severance Pay then in effect in the year in which the termination without cause occurs.

(b) Termination by City With Cause. However, in the event Manager is terminated for cause as defined herein due to the reasonable determination of the Council, based upon the weight of the evidence produced at a hearing conducted by the Council, that Manager has committed, in the performance of Manager's duties or in any manner that causes harm to Manager's or the City's reputation, either (i) any illegal act involving personal gain to Manager or (ii) malfeasance, then, and in that event, City shall have no obligation to pay the Severance Pay and Severance Benefits described above in Section 3, subpart (a). The Council's determination of the sufficiency of cause shall be final and binding.

Nothing set forth herein shall be deemed to confer upon Manager the right to have a hearing by Council concerning any proposed termination of Manager; provided, however, that Manager shall be entitled to a hearing solely concerning any proposal by the Council not to pay Manager the Severance Pay and Severance Benefits.

(c) Termination by Manager. In the event Manager terminates his employment as Manager, then Manager shall give City at least six (6) weeks' notice of termination in writing in advance of the date of termination, unless mutually agreed upon otherwise. If Manager resigns or retires voluntarily, then City shall have no obligation to pay Severance Pay and Severance Benefits to Manager.

(d) All Terminations. Manager agrees that in the event Manager's employment is terminated, with or without cause, under no circumstances will Manager be entitled to contest the existence or nature of Manager's "at will" employment status, or will Manager be entitled to seek or receive the remedy of reinstatement to employment with the City in any administrative or legal forum. Manager agrees that the sole issue for resolution upon termination of Manager's employment will be whether or not City is obligated to pay to Manager Severance Pay and Severance Benefits.

(e) Effect of City Elections on Terminations. Notwithstanding the other termination provisions of this Agreement, City agrees not to terminate Manager's employment within one hundred and twenty (120) days following a City election as provided for in Chapter 2.08 of the Yorba Linda Municipal Code.

4. SALARY AND OTHER COMPENSATION

(a) Salary. Commencing on the Effective Date (also "Anniversary Date"), City agrees to pay Manager an annual base salary, exclusive of benefits, in the sum of $205,000 per year, with said amount of $205,000 increased by a minimum of 2½ % on the first anniversary

date in August 2014, payable in installments at the same time and by the same methods as other City employees are regularly paid. The City acknowledges that these two amounts are starting salaries and may be subject to an increase based upon merit and performance. In addition thereto, at least thirty (30) days prior to Manager's Anniversary Date (August), the Council shall conduct a performance evaluation of Manager, and if a majority of the Council deems Manager to have successfully performed up to the Anniversary Date may, in their sole discretion, grant Manager an increase in base salary based on merit and performance and consistent with the City's compensation policy in effect at the time of said increase. City and Manager agree to review Manager's salary and benefits at the time of Manager's performance evaluation in 2014 and subsequent years thereafter.

Council may, in its discretion, reduce the salary of Manager due to budgetary constraints, on condition that any such reduction shall not exceed the average reduction applicable to all management employees of the City at the time of reduction in Manager's salary. Furthermore, Manager, in his sole discretion may elect not to receive any salary increase that may be granted hereunder; provided, however, if Manager elects not to receive a salary increase provided hereunder, said salary increase shall be subsequently implemented, on a prospective basis only, upon written request of Manager.

(b) Performance Pay. Should the City establish in the future a pay-for-performance plan, the Manager will be eligible for participation.

Should the City not establish a pay-for-performance plan for all management employees, Manager may still be eligible for a one-time performance bonus at the sole discretion of the City Council.

In no event shall Manager receive both a pay-for-performance and a one-time performance bonus in the same year measured from his Anniversary Date.

(c) Retirement. Manager shall be classified as a Classic Member and shall be subject to all of the rights, benefits and obligations set forth in Resolution No. 2013-5179 currently in existence or as may be amended from time to time.

5. BENEFITS

(a) General. Manager shall accrue leave benefits at the rates set forth in this Section and in the Management Benefits provisions of Resolution No. 2013-5179. Upon the effective date of this Agreement, Manager shall receive an advance credit toward such leave benefits set forth in Resolution No. 2013-5179 which he has not yet earned as follows: five (5) days of vacation leave and five (5) days of sick leave.

Manager shall not accrue any future vacation leave or sick leave benefits until such time has passed during which he would have accrued the five (5) days of vacation leave and five (5) days of sick leave advanced to him. In no event, shall Manager accrue vacation leave or sick leave beyond the amounts permitted by Resolution No. 2013-5179.

(b) Vacation Leave. Manager shall accrue vacation leave as set forth in Resolution No. 2013-5179, Management Benefits.

(c) Sick Leave. Manager shall accrue sick leave in accordance with Resolution No. 2013-5179, Management Benefits.

(d) Administrative Leave. Manager shall receive administrative leave up to eighty (80) hours per fiscal year, provided that such administrative leave must be used each fiscal year and cannot be carried over to a subsequent fiscal year.

(e) Vehicle Allowance. Manager shall receive a monthly vehicle allowance of five hundred dollars ($500) to be used to purchase, lease, or own and to operate and maintain a vehicle. Manager shall be solely responsible for paying for liability, property damage, and comprehensive insurance coverage upon such vehicle and shall further be responsible for all

expenses related to the purchase, operation, maintenance, repair, and regular replacement of said vehicle. At a minimum, Manager shall procure and maintain in full force and effect during the term of this Agreement automobile liability insurance with minimum limits as established by the City's risk manager. Vehicle allowance shall include all mileage incurred in the use of vehicle including personal and City related use of vehicle.

(f) Moving Expenses. Should the Manager opt to relocate within the city limits within one year from date of hire, or upon extension by the City Council, an expense reimbursement of up to $10,000 will be made to either a moving company or based on incurred expenses with original receipts.

(g) Supplemental Benefits. Except as provided otherwise herein, Manager shall receive any and all other supplemental benefits including, but not limited to, health, dental, life insurance, disability insurance, holidays, retirement benefits (PERS), tuition reimbursement and long term disability, as are generally available to management employees of the City as provided by applicable City Resolutions and Personnel Rules. Except as otherwise provided herein, all actions undertaken by City relating to fringe benefits for management employees shall be considered actions affecting the same benefits applicable to Manager. As used herein, fringe benefits include, but are not limited to, vacation, sick leave, administrative leave, holiday pay, retirement (PERS) benefits and payments, health insurance, dental insurance, life insurance and long term disability insurance.

City shall not at any time during the term of this Agreement reduce the base salary, compensation or other employment benefits of Manager, except as permitted by this Agreement.

Notwithstanding anything to the contrary in the Management Benefits or any other rules, regulations or policies of the City pertaining to fringe benefits, Manager shall, upon

the Effective Date, be immediately eligible to receive retiree medical, vision and dental benefits upon retirement.

6. PROFESSIONAL DEVELOPMENT, OUTSIDE PROFESSIONAL ACTIVITIES AND GENERAL EXPENSES

(a) Professional Development.

(i) Subject to the Council's discretion to adopt and amend the budget, City agrees to pay for professional dues and subscriptions on behalf of Manager which are reasonably necessary, as determined by the Council, for the Manager's continuation and full participation in national, regional, state or local associations and organizations necessary and desirable for Manager's continued professional participation, growth and advancement, or for the good of the City. Furthermore, City shall pay for any additional professional dues and subscriptions as may be approved by the Council from time to time.

(ii) Subject to the Council's discretion to adopt and amend the budget, City agrees to pay within the adopted budget the reasonable travel and subsistence expenses of Manager for official travel, meetings and events reasonably necessary to continue the professional development of Manager and reasonably necessary to fulfill official and other functions for the City, all as determined to be reasonable and necessary by the Council. Such meetings and events may include, but are not limited to, the annual International City Management Association meeting and other national, regional, state and local conferences of governmental groups and committees in which Manager serves as a member.

(b) Outside Professional Activities. Manager agrees to remain in the exclusive employ of the City of Yorba Linda while employed by the City of Yorba Linda. This section shall not prohibit occasional teaching, writing, speaking, consulting or other employment for compensation, a fee or other value provided that Manager gives advance written notification to the Council of such teaching, writing, speaking, consulting or other employment. Any

teaching, writing, speaking, consulting or other employment performed or engaged in by Manager during the term of this Agreement shall not interfere with Manager's performance of Manager's duties and obligations under this Agreement.

(c) General Expenses. City recognizes that certain expenses of a non-personal and generally job-affiliated nature are incurred by the Manager, including participation in civic and other local organizations, and hereby agrees to reimburse or pay said reasonable general expenses.

Subject to the Council's discretion to adopt and amend the budget, the City Treasurer (or other designated employee) is hereby authorized to disburse funds within the adopted budget as needed to fulfill all provisions of this Agreement upon receipt of duly executed expense or petty cash vouchers, receipts, statements or personal affidavits.

City shall bear full cost of any fidelity or other bonds required of Manager under any law or ordinance.

(d) Technology. City shall provide Manager with a cell phone for official City business and shall pay Manager's cell phone bill. The City shall also supply Manager with a computer (with docking station) and an I-pad for business use including providing full access to internet coverage as appropriate.

7. PERFORMANCE EVALUATION

(a) The Council and Manager may annually define such goals and objectives for the City which they mutually determine necessary for the proper operation of the City in the attainment of the Council's policy objectives, and the Council and Manager may further establish a priority among those various goals and objectives to be reduced to writing. The process of considering the establishment and priority of goals and objectives of the City shall be conducted and completed generally in July of each year. However, within sixty (60) days of the Effective

Date the City Council shall define goals and objectives, put them in writing and they shall be deemed to be Exhibit "A" to this Agreement ("Goals and Objectives").

(b) The Council, following informal and nonbinding consultation with Manager, shall periodically establish goals and objectives regarding the performance of Manager. The Council shall review and evaluate the performance of Manager at least once annually on a form Council and Manager mutually agree to. Notwithstanding any term or provision of this Agreement to the contrary, Manager shall serve at the will and pleasure of the Council, and the Council shall be entitled to terminate the employment of Manager without cause.

8. TERMS OF EMPLOYMENT

The Council, following informal and nonbinding consultation with Manager, may by motion, resolution or written amendment to this Agreement approved as an official Council meeting agenda item, fix any other terms and conditions of employment as it may determine, from time to time, relating to the performance of Manager, provided such terms and conditions are not prohibited by the provisions of this Agreement, the Yorba Linda Municipal Code or any other rules or regulations of the City.

9. CONFLICT OF INTEREST PROHIBITION

It is understood and agreed that because of the duties of Manager within and on behalf of the City of Yorba Linda and its citizenry, Manager shall not, during the term of this Agreement, individually, as a partner, joint venturer, officer or shareholder, invest or participate in any business venture conducting business in the corporate limits of the City of Yorba Linda, except for stock ownership in any company whose capital stock is publicly held and regularly traded, without prior approval of the City Council. For and during the term of this Agreement, Manager further agrees, except for a personal residence or residential property acquired or held for future

use as his personal residence and real property acquired by Manager prior to the Effective Date of this Agreement, not to invest in any other real estate or property improvements within the corporate limits of the City of Yorba Linda without the prior consent of the City Council.

10. PROVISIONS OF GOVERNMENT CODE SECTIONS 53243-5324.4

(a) In the event that the City provides paid leave to the Manager pending an investigation of a crime involving abuse of his office or position covered by Government Code section 53243.4, and should that investigation lead to a conviction, the Manager shall fully reimburse the City for any salary provided for that purpose.

(b) In the event that the City provides funds for the legal criminal defense of the Manager pending an investigation of a crime involving abuse of his office or position covered by Government Code section 53243.4, and should that investigation lead to a conviction, the Manager shall fully reimburse the City for any funds provided for that purpose.

(c) In the event that the City provides a cash settlement related to the termination of the Manager as defined in the terms of this Agreement and the Manager subsequently is convicted of a crime involving abuse of his office or position covered by Government Code section 53243.4, the Manager shall fully reimburse the City for any funds provided for that purpose.

11. ENTIRE AGREEMENT

This Agreement contains the entire agreement between the parties concerning the subject matter set forth herein and no promise, representation, warranty or covenant not included in this Agreement has been or is relied upon by any party hereto concerning the offer and acceptance of employment described herein.

12. NO CONTINUING WAIVER

No waiver of any term or condition of this Agreement by either party shall be deemed a continuing waiver of such term or condition.

13. EFFECTIVE DATE AND TERM

The Effective Date of this Agreement shall be August 5, 2013.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth hereinabove.

Date Agreement ratified by City Council in open session at a regular City Council Meeting July 2, 2013.

CITY:

Tom Lindsey
Mayor

MANAGER:

Mark Pulone

ATTEST:

Marcia Brown
City Clerk

APPROVED AS TO FORM:
Rutan & Tucker, LLP

City Attorney