

CITY ADMINISTRATOR EMPLOYMENT AGREEMENT

This City Administrator Employment Agreement ("Agreement") is made, entered into, and to be effective March 1, 2016 ("Effective Date"), by and between the City of Placentia, a Charter City and municipal corporation ("City"), and Damien R. Arrula, an individual who has education, training and experience in municipal management ("Administrator"). Under this Agreement the City offers, and Administrator accepts, employment as City Administrator of the City.

A. Recitals.

- i. In order to insure that its governmental responsibilities are met at all times, the City must attract and retain management personnel who exhibit the highest degree of knowledge, experience, technical ability, professionalism, and leadership qualities.
- ii. In order to attract and retain in its employment a City Administrator who possesses those qualities and experience necessary to fulfill the City's immediate and long-term objectives, the City Council, on behalf of the City, has determined that it is advisable to enter into this employment agreement with Administrator.
- iii. It is the desire of City to obtain the services of Administrator and to provide certain benefits, establish conditions of employment and set working conditions for Administrator.
- iv. City and Administrator desire to enter into this Agreement in order to specify the terms and conditions of Administrator's employment with City.

Now therefore, in consideration of the mutual covenants contained in this Agreement, the parties agree as follows:

B. Agreement.

1. Term.

This Agreement shall remain in full force and effect from March 1, 2016 through and including the date of termination of Administrator, unless otherwise provided herein.

2. Duties:

Administrator shall perform those duties and have those responsibilities and powers set forth in the City's Charter, Municipal Code and City Policies, as amended from

time to time, including but not limited to those described in Section 810 of the Charter. Administrator shall perform such other legally permissible and proper duties and functions as the City Council shall from time to time assign.

3. Devotion to City Business:

Administrator's position is full-time. Administrator shall not engage in any business, educational, professional, charitable, or other activities that would conflict or materially interfere with performance of his/her City Administrator duties, except as may be specifically authorized by the City Council.

4. City Council Commitments:

The relationship between the City Council and Administrator shall be governed by all applicable provisions of the City Charter, Municipal Code and City Policies, as amended from time to time, including but not limited to Section 610 of the Charter.

5. Termination of Employment and this Agreement; General Release; Severance:

A. At Will Employment. Administrator is an at will employee, and serves at the discretion of the City Council. The City Council may terminate Administrator's employment with the City immediately at any time, with or without cause, subject to the City's compliance with all other obligations in this Agreement.

B. Termination By City Without Cause.

1) If City Council, in its absolute discretion, terminates this Agreement (thereby terminating Administrator's employment) Without Cause, as determined by the affirmative votes of a majority of the members of the City Council at a Regular Meeting, City shall be obligated to pay Administrator the Monthly Severance Benefit described in this Section 5.B. Following a termination Without Cause the City shall begin to pay Administrator, on a monthly basis, an amount equal to Administrator's then regular monthly Base Salary and benefits at the time of termination (the monthly payments being hereinafter referred to as the "Monthly Severance Benefit"). The Monthly Severance Benefits shall include the ability to continue participation, during the

Severance Period (as defined below), in any medical, dental and vision plans Administrator and his/her dependents are currently enrolled in through the City at the time of termination ("Healthcare Benefit"). As a condition to Administrator's receipt of the Monthly Severance Benefit, Administrator must first sign and deliver to the City Council, and not revoke, a General Release Agreement ("Release Agreement") in a form mutually agreed upon by the City Attorney and Administrator, releasing the City, its officials and employees from all liability.

2) Notwithstanding anything stated in this section 5.B. to the contrary, Administrator's right to receive the Monthly Severance Benefit payments shall automatically terminate upon the first to occur of the following: (a) the date which is twelve (12) months from the date Administrator's employment is terminated from the City; or (b) the date when Administrator obtains commensurate full time employment with another employer (the period between Administrator's termination and the first to occur of either (a) or (b) above shall be hereinafter referred to as the "Severance Period"). While the Severance Period is in effect Administrator shall be required to actively solicit employment with other public agencies.

3) While the Severance Period remains in effect, City will endeavor to retain Administrator as an "active" and "classic" employee (as defined by CalPERS), until such time as Administrator receives full-time employment with another agency. This obligation shall only apply if the City determines, in its absolute discretion, that it is legally permissible for the City to do so and will not result in any additional expense or exposure to the City. City shall have no obligation under this paragraph if City is required to assign actual duties or responsibilities to Administrator during the Severance Period.

C. Termination by City For Cause.

1) If City terminates this Agreement (thereby terminating Administrator's employment) for Cause, as determined by the affirmative votes of a majority of the members of the City Council, Administrator shall not be entitled to any additional compensation or payment, specifically including the Monthly Severance Benefit. Administrator shall be entitled only to accrued Base Salary

and vacation pay, and to any other accrued and unused benefit allowances according to their terms ("Accrued Salary and Benefits").

2) In the event of a termination for Cause, Administrator shall have a limited right to an appeal before the entire current membership of the Council. Nothing herein shall be deemed to confer upon Administrator the right to have a hearing challenging the Council's decision to terminate Administrator. The sole purpose of the hearing shall be to discuss the Council's proposal not to pay Administrator the Monthly Severance Benefit. To initiate an appeal, Administrator must file a written request with the City Clerk within 72 hours of the Council's decision to terminate. The Council shall endeavor to hear the appeal within 10 days from the date the request is filed. The appeal shall be heard in closed or open session, at the election of Administrator, and shall be limited to a presentation as to why Administrator believes Cause does not exist. There shall be no entitlement to a trial-like evidentiary hearing. The City Council shall then make a final determination. The appeal hearing and any determination resulting therefrom shall not constitute a waiver of rights or due process related to Administrator's termination.

3) As used in this Agreement, Cause shall only mean any of the following:

- a. Conviction of, or plea of guilty or nolo contendere to, any crime or offense (other than traffic violations or similar offenses) which is likely to have a material adverse impact on the City or on the Administrator's reputation;
- b. Proven failure of the Administrator to observe or perform any of his duties and obligations, if that failure continues for a period of thirty (30) business days from the date of his receipt of notice from the City Council specifying the acts or omissions deemed to amount to that failure;

- c. Conviction of any crime involving an "abuse of office or position," as that term is defined in Government Code Section 53243.;
- d. Any grossly negligent action or inaction by Administrator that materially and adversely: (a) impedes or disrupts the operations of City or its organizational units; (b) is detrimental to employees or public safety; or (c) violates City's properly-established rules or procedures.
- e. Moral Turpitude which is defined herein as (1) intentionally dishonest conduct, which is likely to have a material negative impact on the City or its reputation; or (2) conduct which constitutes a blatant violation of moral conduct standards; vileness. Acts of moral turpitude means a general readiness to do evil, an act of baseness, vileness, or depravity in the private and social duties which a man owes to his fellowmen, or to society in general, contrary to the accepted and customary rule of right and duty between man and man;

D. In no event may Administrator be terminated within ninety (90) days after any municipal election for the selection or recall of one or more of the members of the City Council.

E. If, during the Term or any extended Term, Administrator dies, Administrator's estate shall receive Accrued Salary and Benefits and section 11A of this Agreement shall apply. Administrator's estate shall not be entitled to any additional compensation or payment, including but not limited to any Monthly Severance Benefit.

F. In the event Administrator is permanently disabled or is otherwise unable to perform his duties because of sickness, accident, injury, or mental incapacity

for a period of three (3) consecutive months beyond any provided sick leave, the City may terminate Administrator's employment and this Agreement.

G. Administrator may resign from his employment at any time upon giving thirty (30) days written notice to the City Council. In the event of Administrator's resignation from employment, Administrator shall be entitled to any Accrued Salary and Benefits, but Administrator shall not be entitled to any additional compensation or payments including but not limited to the Monthly Severance Benefit.

H. Notwithstanding anything stated herein to the contrary:

1) In the event Administrator is terminated because of conviction of any felony or other offense involving a violation of his official duties, misappropriation of public funds, or corruption in office, City shall have no obligation to pay the Severance pay and benefits designated above, including but not limited to the Monthly Severance Benefit.

2) Pursuant to California Government Code 53243.2, regardless of the terms of this contract, if the contract is terminated, any cash settlement related to the termination that Administrator may receive from the City shall be fully reimbursed to the City if Administrator is convicted of a crime involving an abuse of his or her office or position.

3) As stated in California Government Code 53244(a), a local public officer who is convicted by a state or federal trial court of any felony under state or federal law for conduct arising out of, or in the performance of, his or her official duties shall forfeit any contract right or other common law, constitutional, or statutory claim against a local public agency employer to retirement or pension rights or benefits, however those benefits may be characterized, including lost compensation, other than the accrued rights and benefits to which he or she may be entitled under any public retirement system in which he or she is a member. The forfeiture provided by this section shall be in addition to, and independent of, any forfeiture of public retirement system rights and benefits pursuant to Section 7522.70, 7522.72, or 7522.74.

6. Compensation and Annual Evaluation:

A. Administrator's initial annual Base Salary shall be One Hundred Ninety-Four Thousand Four-Hundred and Forty-Eight Dollars (\$194,448). Said amount shall be payable in bi-weekly installments at the same time and in the same manner as other employees of the City are paid. Any increases shall be subject to City Council approval, unless otherwise provided herein.

B. The City Council, working in conjunction with Administrator, may set objectives each year for Administrator under this Agreement. The City Council may evaluate Administrator's performance at least once a year during the month of February ("Annual Evaluation"). Following the completion of the Annual Evaluation the City Council may, in its absolute discretion, provide a merit increase equal to three percent (3%) of Administrator's base salary ("Merit Increase"). In the event an Annual Evaluation is not conducted within sixty (60) days of February 1, Administrator's performance will be deemed as meeting or exceeding expectations and a Merit Increase will be applied.

C. Administrator shall only be entitled to receive cost-of-living adjustments or other similar across-the-board increases when the same increase has been approved for the other unrepresented management employees. Any cost-of-living adjustments or other across-the-board increases granted to City bargaining units shall not apply to Administrator.

D. Any Base Salary increases approved by the City Council from time to time pursuant to this Agreement shall not require an amendment to the Agreement to be effective. Such may be set forth in an annual position allocation plan, resolution or minute action approved by the City Council and ratified by resolution.

E. If the City intentionally reduces the Base Salary or any other material financial benefit of the Administrator, such action shall constitute a termination of this Agreement Without Cause under Section 5.A. of this Agreement, and Administrator shall be entitled to the Monthly Severance Benefit.

8. Deferred Compensation:

As part of Administrator's annual compensation, City agrees to provide a Section 457 deferred compensation program which will be administered by the International City

Management Association – Retirement Corporation (ICMA-RC), and to pay half the normal annual deferral limit into such program as permitted under the Internal Revenue Code.

9. Pension:

City agrees to enroll Administrator in the California Public Employees Retirement System (“CalPERS”) as a “Classic” employee as defined by the California Public Employees’ Pension Reform Act (“PEPRA”) at the 2% @ 55 formula (“PERS Plan”) and shall make all appropriate Employer contributions on Administrator’s behalf. Administrator understands and agrees that Administrator shall be solely responsible for the required Employee contributions to CalPERS, which amounts shall be deducted each pay period from Employee’s gross salary. Both the City and Employee contributions shall be made in accordance with the provisions of CalPERS. Should the City be unable to completely fulfill the PERS Plan, City shall provide a supplementary defined benefit plan equivalent to the PERS Plan (“Supplemental Plan”), subject to the approval of the parties. Said PERS Plan and/or Supplemental Plan shall have an effective date of April 7, 2014.

10. Health and Medical Benefits Insurance:

City shall provide Administrator with the same health plans (medical, dental, and vision) which are provided to other unrepresented management employees, and shall pay that portion of the employee and dependent rate or premium as the City Council agrees to provide to all unrepresented management employees.

11. Life Insurance and Disability:

A. The City agrees to pay for a term life insurance policy, equal to 12 months of Administrator’s Base Salary, on Administrator’s life with a carrier selected by the City. Administrator shall designate the beneficiaries of the policy. Administrator shall also be entitled to participate in any voluntary group life insurance programs approved by the City Council for all unrepresented management employees.

B. City agrees to put into force and to make required premium payments for short-term and long-term disability coverage for Administrator on the same terms available to all other unrepresented management employees.

12. Allowances:

A. Administrator's duties may require him to be available and to respond to the demands of City business at all times and outside of regular business hours. City shall pay Administrator Six Hundred Dollars (\$600.00) monthly in compensation for the use and maintenance of his personal vehicle on City business ("Auto Allowance"). Administrator may elect, in his/her sole discretion, to receive a City vehicle for business and personal use in lieu of an Auto Allowance. The Auto Allowance shall not be reported as income for purposes of contribution or payment by City or Administrator to City's retirement plan. It is understood, however, that Administrator is solely responsible for the tax consequences of any allowances provided under this Agreement, whether under state or federal law.

B. Administrator's Auto Allowance increases approved by the City Council from time to time pursuant to this Agreement shall not require an amendment to this Agreement to be effective. Such may be set forth in an annual or mid-year budget resolution or minute action approved by the City Council and ratified by resolution.

13. Equipment:

City shall pay Administrator One Hundred and Fifty Dollars (\$150.00) monthly as a telecommunications allowance. The telecommunications allowance shall not be reported as income for purposes of contribution or payment by City or Administrator to City's retirement plan.

14. Business and Professional Expenses:

A. City recognizes that Administrator may incur expenses of a non-personal, job-related nature that are reasonably necessary to Administrator's service to City. City agrees to either pay such expenses in advance or to reimburse the expenses, so long as

the expenses are incurred and submitted according to City's normal expense reimbursement procedures or such other procedure as may be designated by the City Council. To be eligible for reimbursement, all expenses must be supported by documentation meeting City's normal requirements and must be submitted within time limits established by City.

B. City agrees to pay the professional dues and subscriptions on behalf of Administrator which are necessary for Administrator's continuation or full participation in international, national, regional, state, or local associations and organizations necessary and desirable for Administrator's continued professional participation, growth and advancement, or for the good of the City.

C. City agrees to pay Administrator's travel and subsistence expenses for official travel, meetings, and occasions reasonably necessary to continue Administrator's professional development, and for Administrator's reasonable participation in necessary official and other functions for the City; including, but not limited to, national, regional, state, and local conferences, and governmental groups and committees on which Administrator serves as a member. Notwithstanding the above, the number of conferences or meetings City will pay for each year, and attendance at out-of-state conferences and meetings, shall be at the discretion of the City Council as set forth in the City's budget.

15. Leave:

A. Administrator shall accrue paid time off (PTO) leave at the rate of 6.46 hours per pay period, in addition to recognized City holidays and floating holidays provided to other City employees. At any time Administrator shall be entitled to cash out accrued but unused PTO time, provided that at least eighty (80) hours of total leave bank, inclusive of other leave bank time, has been accrued but remains unused and available. The amount paid to Administrator shall be based on Administrator's annual Base Salary at the time the PTO leave is paid. Upon termination or resignation from employment or the non-renewal of this Agreement, Administrator shall be paid for all accrued and unused PTO leave time.

B. Administrator shall retain accrued but unused/frozen paid sick leave on the date of the commencement of employment. At any time Administrator shall be entitled to cash out balance accrued but unused/frozen sick leave. The amount paid Administrator shall be based on Administrator's annual Base Salary at the time the sick leave is paid. Upon termination or resignation from employment or the non-renewal of this Agreement, Administrator shall be paid for all accrued and unused/frozen sick leave time.

C. Each year Administrator shall be credited with sixty (60) hours of management administrative leave for use during the calendar year. Management administrative leave hours may be used for leave purposes only and will have no cash value. In addition, management administrative leave hours must be utilized in the calendar year credited, and any remaining balance may not be carried over to the next calendar year. Administrator shall retain the same benefits and/or changes of administrative leave as afforded to other unrepresented management employees.

D. Administrator shall accrue alternative health and wellness leave at the same rate as other City employees. Administrator shall retain the same benefits and/or changes of alternative health and wellness leave as afforded to other City employees.

16. Abuse of Office or Position:

If Administrator is convicted of a crime involving an abuse of his office or position, all of the following shall apply: (a) if Administrator is provided with administrative leave pay pending an investigation, Administrator shall be required to fully reimburse City such amounts paid; (b) if City pays for the criminal legal defense of Administrator (which would be in its sole discretion, as it is generally not obligated to pay for a criminal defense), Administrator shall be required to fully reimburse City such amounts paid; and (c) if this Agreement is terminated, any Severance Pay and Severance Benefits related to the termination that Administrator may receive from City, including but not limited to the Monthly Severance Benefit, shall be fully reimbursed to City or shall be void if not yet paid to Administrator. For purposes of this Section, abuse of office or position means conviction of a crime by a court of law for either: (x) an abuse of public authority, including waste, fraud, or violation of the law under color of authority; or (y) a crime against public justice.

17. Enforcement of this Agreement:

The prevailing party in any action brought to enforce this Agreement or to resolve any dispute or controversy arising under its terms and conditions, shall be entitled to payment of his/her/its reasonable attorneys' fees and costs. The venue for any action in enforcement of this Agreement shall be before the Superior Court for the County of Orange.

18. Communications Upon Administrator's Separation Without Cause:

Only in the event of a termination Without Cause, City and Administrator agree that neither party will make disparaging comments about the other, or about any of the City's public officials or employees, for a period of twelve (12) months from the date of Administrator's termination. As used herein, "disparaging" shall mean "to lower in esteem; discredit; to speak slightingly of; show disrespect for; belittle." (Webster's New World Collegiate Dictionary, Fourth Ed., IDG Books Worldwide, Inc., pg 414). Nothing herein prevents either party, or its officers or employees, from truthfully answering questions made under oath in a legal proceeding. Any press release concerning Administrator's termination Without Cause shall be mutually agreed upon between the parties. Either party may verbally repeat the substance of the joint press release or statement.

19. Indemnification:

Consistent with the California Government Code, City shall defend, hold harmless, and indemnify Administrator, using legal counsel mutually acceptable to the Parties, against expense or legal liability for acts or omissions by Administrator occurring within the course and scope of Administrator's employment under this Agreement. Legal representation, provided by City for City Administrator, shall extend until a final determination of the issues including any and all losses, damages, judgments, interest, settlements, fines, court costs, and the reasonable costs and expenses of legal proceedings, including appeals, and including attorneys' fees, and expert witness fees and all other trial and appellate costs, imposed upon, or suffered by Administrator, which

are directly related to the claim, action, suit, or proceeding. In the event there is a conflict of interest between City and Administrator such that independent counsel is required for Administrator, Administrator may engage his/her own legal counsel, in which event City shall indemnify Administrator, including direct payment of all such reasonable costs related thereto.

20. Notices:

Any notices to be given hereunder by either party to the other in writing may be effected either by personal delivery, mail, or email. Mailed notices shall be addressed to the parties as set forth below, but each party may change his/her/its address by written notice given in accordance with this Section. Notices delivered personally or by email will be deemed communicated as of actual receipt. Mailed notices will be deemed communicated and received as of three (3) calendar days following the date of mailing.

CITY: City of Placentia
Attention: Mayor
401 E. Chapman Avenue
Placentia, CA 92870

ADMINISTRATOR: Damien R. Arrula
401 E. Chapman Avenue
Placentia, CA 92870

21. Conflict With City Charter or Municipal Code:

The terms of this Agreement shall govern the relationship between the City and Administrator. Notwithstanding the foregoing, provisions of the City's Charter, Municipal Code and Policies which specifically define the roles, duties, responsibilities and limitations of the office of City Administrator, shall have preeminence in defining the relationship between the parties.

22. Entire Agreement:

This Agreement represents the entire agreement between the parties and supersedes any and all other agreements, either oral or in writing, between the parties with respect to the employment of Administrator by City, and contains all of the covenants and agreements between the parties with respect to that employment. Each party to this Agreement acknowledges that no representations, inducements, promises, or agreements, oral or otherwise, have been made by either party, or by anyone acting on behalf of either party, which are not embodied herein, and that no other employment agreement, statement, or promise not contained in this Agreement shall be valid or binding upon either party.

23. Modifications:

Any modifications to this Agreement shall be effective only if in writing and signed by both of the parties hereto, unless specifically provided herein to the contrary.

24. Effect of Waiver:

The failure of either party to insist upon 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 at any one time or times be deemed a waiver or relinquishment of that right or power for all or any other times.

25. Partial Invalidity:

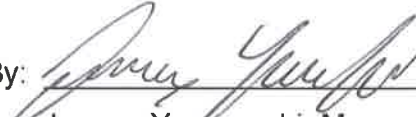
If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall nevertheless continue in full force without being impaired or invalidated in any way.


26. Governing Law:

This Agreement shall be governed by and construed in accordance with the laws of the State of California.


This Agreement is entered into this 1st day of March, 2016.

CITY OF PLACENTIA

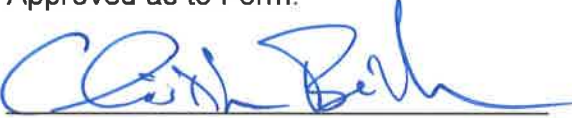
By: 
Jeremy Yamaguchi, Mayor


Damien R. Arrula

Attest:


Patrick Melia, City Clerk

Approved as to Form:


Christian Bettenhausen, City Attorney

**AMENDMENT NO. 1 TO
CITY ADMINISTRATOR EMPLOYMENT AGREEMENT**

This Amendment No. 1 ("Amendment") to City Administrator Employment Agreement is made and entered into effective the 21st day of March, 2017, by and between the CITY OF PLACENTIA, a Charter City and Municipal Corporation ("City"), and DAMIEN R. ARRULA, an individual, (hereinafter "Administrator"). City and Administrator are sometimes hereinafter individually referred to as "Party" and or collectively referred to as the "Parties."

A. RECITALS:

(i). City and Administrator entered into a City Administrator Employment Agreement ("Agreement") effective March 1, 2016 through which Administrator has been providing City Administrator Services as more fully explained in the Agreement.

(ii). The Parties desire to amend the Agreement as provided herein.

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth herein, the Parties agree as follows:

B. Amendment to Agreement.

1. Section 8 of the Agreement is hereby amended to provide as follows:

As part of Administrator's annual compensation, City agrees to provide a Section 457 deferred compensation program which will be administered by the International City Management Association – Retirement Corporation (ICMA-RC)("Deferred Compensation Program"). City shall contribute a maximum total of \$9,000 annually toward the Administrator's Employee Contribution into that Deferred Compensation Program (the "Employee Contribution"). In addition to the Employee Contribution, City shall also pay half the normal annual deferral limit into such program as permitted under the Internal Revenue Code ("Deferred Compensation Match").

2. Except as specifically modified herein, all of the terms, conditions and provisions of the Agreement shall remain in full force and effect.

3. The Agreement, all amendments together with this Amendment No. 1 and all Exhibits attached thereto, if any, constitutes the entire Agreement between the Parties and supersedes all prior negotiations, arrangements, representations, and understandings, if any, made by or between the Parties with respect to the subject matter hereof. No amendment or other modification of the Agreement, as modified by this Amendment No. 1 shall be binding unless executed in writing by both Parties hereto, or their respective successors, assigns, or grantees.


4. Each of the undersigned represents and warrants that he or she is duly authorized to execute and deliver this Amendment No. 1 and that such execution is binding upon the entity for which he or she is executing this document.

IN WITNESS WHEREOF, the Parties have caused Amendment No. 1 to the City Administrator Employment Agreement are to be executed as of the day and year first above written.

IN WITNESS WHEREOF, the Parties have caused this Amendment No. 1 to City Administrator Employment Agreement are to be executed as of the day and year first above written.

ADMINISTRATOR

CITY OF PLACENTIA


By: 
Damien Arrula

By: 
Craig Green,
Mayor

ATTEST:

By: 
Patrick J. Melia,
City Clerk

APPROVED AS TO FORM:

By: 
Christian L. Bettenhausen
City Attorney

**AMENDMENT NO. 2 TO
CITY ADMINISTRATOR EMPLOYMENT AGREEMENT**

This Amendment No. 2 (“Amendment”) to City Administrator Employment Agreement is made and entered into effective the 6th day of March, 2018, by and between the CITY OF PLACENTIA, a Charter City and Municipal Corporation (“City”), and DAMIEN R. ARRULA, an individual (hereinafter “Administrator”). City and Administrator are sometimes individually referred to as “Party” and collectively as the “Parties.”

A. RECITALS:

(i). City and Administrator entered into a City Administrator Employment Agreement (“Agreement”) effective March 1, 2016, through which Administrator has been providing City Administrator Services as more fully explained in the Agreement.

(ii). The Parties executed Amendment No. 1 to the Agreement on March 1, 2017.

(iii). In adherence with the Employment Agreement the City Council conducted an annual evaluation of the City Administrator.

(iv). Whereas, upon a successful performance evaluation, Placentia employees are awarded a five percent (5%) merit increase.

(v). Whereas, the City Administrator’s base salary is \$198,337.

(vi). Following this year’s evaluation the Parties desire to amend the Agreement as provided herein.

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth herein, the Parties agree as follows:

B. Amendment to Agreement.

1. Section 8(A) of the Agreement is hereby amended to provide as follows:

A. Administrator’s annual Base Salary shall be adjust to reflect a five percent (5%) merit increase. The new base salary shall be Two Hundred Eight Thousand, Two Hundred Fifty Four Dollars (\$208,254.00). This amount shall be payable in bi-weekly installments at the same time and in the same manner as other City employees. Any increases shall be subject to City Council Approval, unless otherwise provided herein.

2. Pursuant to Section 15A of the Agreement, Administrator shall receive a one-time grant of two weeks of vacation equal to seventy-eight (78) hours of PTO leave time.

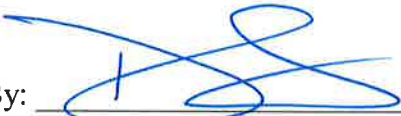
3. Except as specifically modified herein, all of the terms, conditions and provisions of the Agreement shall remain in full force and effect.

4. The Agreement, all amendments together with this Amendment No. 2 and all Exhibits attached thereto, if any, constitutes the entire Agreement between the Parties and supersedes all prior negotiations, arrangements, representations, and understandings, if any, made by or between the Parties with respect to the subject matter hereof. No amendment or other modification of the Agreement, as modified by this Amendment No. 2 shall be binding unless executed in writing by both Parties hereto, or their respective successors, assigns, or grantees.


5. Each of the undersigned represents and warrants that he or she is duly authorized to execute and deliver this Amendment No. 2 and that such execution is binding upon the entity for which he or she is executing this document.

IN WITNESS WHEREOF, the Parties have caused Amendment No. 2 to the City Administrator Employment Agreement are to be executed as of the day and year first above written.

ADMINISTRATOR

By: 
Damien R. Arrula

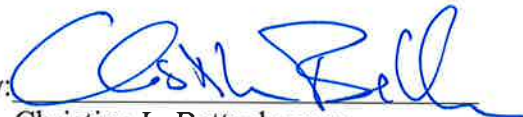
CITY OF PLACENTIA

By: 
Chad Wanke,
Mayor

ATTEST:

By: 
Patrick J. Melia,
City Clerk

APPROVED AS TO FORM:

By: 
Christian L. Bettenhausen
City Attorney