

EMPLOYMENT AGREEMENT

THIS AGREEMENT is between the City of San Buenaventura, a municipal corporation and chartered city ("City") and Ariel Pierre Calonne ("Attorney"). It is effective on the latest date next to the signatures on the last page.

This Agreement is entered into on the basis of the following facts, among others:

A. City, acting by and through its duly elected City Council, desires to continue to employ Attorney as its City Attorney subject to the terms and conditions set forth in this Agreement and in the Charter of the City of San Buenaventura (the "Charter").

B. Attorney, who has been the City Attorney since August 13, 2007 and who has been engaged in the actual practice of law in California since 1983, desires to continue being employed by the City as its City Attorney, subject to the terms and conditions set forth in this Agreement and in the Charter.

C. City and Attorney desire to establish specific terms and conditions relating to compensation and benefits, performance evaluations, and related matters.

D. City desires to establish authority to reduce Attorney's compensation if necessary to address negative fiscal conditions.

E. The Charter provides, among other things, that the City Attorney shall be appointed by the City Council and that he may be removed at the pleasure of the City Council.

F. Attorney desires a predictable amount of severance notice and severance pay should his employment be terminated.

G. City, mindful of the frequency, administrative disruption, and expense of employment-related litigation, desires to prevent litigation arising from any termination of the employment relationship with Attorney.

BASED UPON THE FOREGOING, CITY AND ATTORNEY AGREE AS FOLLOWS:

1. Employment. City will continue to employ Attorney as City Attorney for an indefinite term.

2. Duties of Attorney. Attorney shall perform the duties established for the City Attorney by the Charter, San Buenaventura Municipal Code, direction of the City Council, or as otherwise provided by law, ordinance, or regulation.

2.1. Full Energy and Skill. Attorney shall devote his full energy, skill, ability, and productive time to the performance of Attorney's duties.

2.2. No Conflict. Attorney shall not engage in any employment, activity, consulting service, or other enterprise, for compensation or otherwise, which is actually or potentially in conflict with, inimical to, or which interferes with the performance of Attorney's duties.

2.3. Permission Required For Outside Activities. Attorney shall not engage in any employment, activity, consulting service, or other enterprise, for compensation or otherwise, without the express permission of the City Council.

3. Compensation. Attorney shall be compensated as provided in this Section 3.

3.1. Compensation. Attorney shall receive a base annual salary of \$192,000, paid at the regular intervals customarily paid by the City, with appropriate deductions.

3.2. Annual Cost of Living Adjustments. Commencing on July 1, 2008 and on July 1 of each year thereafter, Attorney's base annual salary shall be automatically adjusted without further Council action by an amount equal to one-half (1/2) of any increase or decrease during the preceding twelve (12) months in the Consumer Price Index for Los Angeles, Orange and Riverside Counties ("Index") as soon as certified CPI data are posted, unless the Council has declared that negative fiscal conditions exist as provided in Section 3.6 below. If negative fiscal conditions have been declared pursuant to Section 3.6 below, the Annual Cost of Living Adjustment shall be delayed until conclusion of the negative fiscal conditions, and in the next pay period thereafter, Attorney's base salary shall be adjusted as if a no negative fiscal conditions had been declared. After the negative fiscal conditions conclude, future annual adjustments shall resume on the original schedule. There shall be no retroactive payments due from either party for any such increase or decrease.

3.3. Triennial Cost of Living True Up. Beginning on July 1, 2010, and at the end of each three years thereafter, Attorney's base salary shall be automatically adjusted without further Council action to include the full compounded Index change at the end of the three year period, and further adjusted to reflect any base salary adjustments made pursuant to Section 3.4 below, unless the Council has declared that negative fiscal conditions exist at the time the Triennial Cost of Living True Up is scheduled to occur. If negative fiscal conditions have been declared, the Triennial True

Up shall be delayed until conclusion of the negative fiscal conditions, and immediately thereafter, Attorney's base salary shall be adjusted as if no negative fiscal conditions had been declared. After the negative fiscal conditions conclude, future true ups shall resume on the original triennial schedule. There shall be no retroactive payments due from either party for any such increase or decrease.

3.4. Performance Reviews and Adjustments. Not less than once each year, the City Council shall meet for the express purpose of evaluating the performance of Attorney and determining whether to adjust his base salary to reflect performance, market conditions, the Index or other factors. The City Council will act in good faith in determining whether to increase or decrease the base salary of Attorney, but the ultimate decision in this regard is within the sole discretion of the City Council, provided however that any salary decrease not authorized under Sections 3.2 or 3.3 above or Section 3.6 below may be treated by Attorney as a termination for which the payment of Severance shall be due.

3.5. Performance Based Compensation. Attorney is eligible to earn a performance-based single payment of up to 7% (seven percent) of base salary annually, based on assessment of performance solely by Council. Eligibility for the bonus shall be based upon receiving an overall average rating on Attorney's annual performance evaluation conducted by the City Council of at least 3.0 on a 7-point scale (1 being best and 4 being average). The bonus shall also be contingent upon achieving specific annual goals established at each year's anniversary evaluation process. The City Council has determined that Attorney is eligible for a performance-based payment for his first year of employment, but has determined not to make such a payment because of current negative fiscal conditions, and Attorney shall have no right to a performance-based payment for his first year of employment when the negative fiscal conditions end.

3.6. Negative Fiscal Conditions. The City Council may temporarily reduce Attorney's base salary by an amount not to exceed fifteen percent (15%) when a majority of the City Council declares the existence of negative fiscal conditions, provided that such salary reduction is also applied equally to the City Manager. Attorney may elect to redirect the base reduction into a reduction of deferred compensation, retirement contributions, vacation accrual or any other reduction methodology applied equally to the City Manager. The temporary base salary reduction shall terminate, and Attorney's base salary as adjusted pursuant to Sections 3.2 and 3.3 above shall be immediately restored without need for further Council action no later than twelve (12) months after declaration, unless the negative fiscal conditions declaration is extended by a majority vote of the City Council. Up to two extensions may be approved by the City Council, but no single extension shall extend longer than twelve (12)

months, and the maximum length of any base salary reduction shall not exceed thirty-six (36) months.

4. Benefits and Allowances. Attorney shall receive the following benefits and allowances.

4.1. Vacation and Administrative Leave. Attorney shall receive four weeks of vacation and two weeks of administrative leave, accrued subject to standard City plan. Attorney shall be compensated for the accrued but unused balances of vacation and leave upon termination or resignation. Attorney shall notify the City Council of any vacation or other absences lasting longer than one day.

4.2. Automobile. Attorney shall receive a car allowance of in accordance with City's standard policy for employees at Executive service level.

4.3. Retirement Contribution. City shall contribute \$12,000 (Twelve Thousand Dollars) annually, paid in bi-weekly installments to a 401(a) or 457 account administered by ICMA/RC. The City shall pay reasonable set-up fees for such plan. In addition, the City shall pay the full cost of PERS membership. The City shall provide Attorney with all deferred compensation contribution benefits in accordance with the City's standard benefit package for employees at the Executive service level, and such benefits shall commence in accordance with such provisions regularly maintained by the City and in effect at the time, this Agreement becomes effective.

4.4. Standard Benefits and Allowances. Attorney shall receive all sick leave, medical, life, deferred compensation and disability benefits in accordance with the City's standard benefit package for employees at the Executive service level, and such benefits shall commence in accordance with such provisions regularly maintained by the City and in effect at the time this Agreement becomes effective.

5. License to Practice Law; Payment of Dues; Continuing Education; Affiliated Organizations.

5.1. License; Duty to Maintain; Dues. Attorney is licensed by the State of California as an attorney at law. The City will pay all state and local bar association fees and dues. Attorney must, at all times while this Agreement is in effect, keep and maintain a license to practice law issued by the State of California. A failure to do so shall be considered a material breach of this Agreement and shall subject Attorney to immediate dismissal, without the right to receive severance pay as provided in section 7.1 below.

5.2. Continuing Education. City will pay the reasonable cost of the continuing education required by the State Bar, if any. It shall also pay the reasonable cost of those seminars, programs, conferences, and related events that are necessary for Attorney to carry out his job competently.

5.3. Affiliated Organizations. City will pay the reasonable membership fees of those organizations of which Attorney chooses to be a member which are designed to enhance his knowledge of the law or of municipal governance. City will also pay the reasonable membership fees of local, state, or national bar organizations or the practice sections of such organizations.

6. Additional Expenses of Employment. City shall pay the following usual and customary employment expenses:

6.1. The cost of any fidelity or other bonds required by law for the City Attorney.

6.2. The cost to defend and indemnify Attorney to the full extent of the law as provided by the California Tort Claims Act (Government Code sections 810, *et seq.*), or otherwise.

7. Duration of Employment. Attorney understands and agrees that he has no constitutionally protected property or other interest in his employment as City Attorney. He understands and agrees that he works at the will and pleasure of the City Council and that he may be terminated, or asked to resign, at any time, with or without cause, subject only any limitations which are now, or which may in the future, be included within the City Charter.

7.1. Severance Pay. If Attorney is asked to resign or is terminated as City Attorney he shall receive a cash payment equivalent to the sum of i) his then-current monthly salary multiplied by nine (9); ii) the cash value, as determined by City, of his monthly non-salary benefits multiplied by nine (9); iii) an additional one week of salary and non-salary benefits for every year of employment with the City (partial year shall count as a full year for this purpose). The monthly non-salary benefits shall be those specified in section 4. All normal withholdings as required by law shall be made with respect to any amounts paid under this section.

7.2. Non-Payment of Severance Under Certain Conditions. If the termination of Attorney is the result losing his license to practice law, or a suspension from the practice of law for a period in excess of one week, malfeasance in the performance of his duties on behalf of the City, or conviction of a felony or other crime of moral turpitude, he shall not be paid any severance pay except as provided in the remainder of this subsection. In

such an instance, his sole remedy shall be a judicial action in declaratory relief to determine whether there was substantial evidence of malfeasance in the performance of his duties or non-felonious crimes of moral turpitude. If the court determines there was not substantial evidence, Attorney shall receive the severance pay provided in Section 7.1, but no other damages, costs or attorneys fees.

8. Miscellaneous.

8.1. Entire Agreement/Amendment. This Agreement constitutes the entire understanding and agreement between the parties as to those matters contained in it, and supersedes any and all prior or contemporaneous agreements, representations and understandings of the parties. This Agreement may be amended at any time by mutual agreement of the parties, but any such amendment must be in writing, dated, and signed by the parties.

8.2. Notices. All notices pursuant to this Agreement shall be hand-delivered or delivered by first class mail and shall be deemed delivered on the date of mailing. All notices to the City shall be addressed to the Mayor of the City of San Buenaventura. All notices to Attorney shall be addressed either to Attorney's residence address as then on file with the City or to Attorney's business address at the City.

8.3. Applicable Law; Venue This Agreement shall be interpreted according to the laws of the State of California. Venue of any action regarding this Agreement shall be in the proper court in Ventura County.

8.4. Severability. In the event any portion of this Agreement is declared void, such portion shall be severed from this Agreement and the remaining provisions shall remain in effect, unless the result of such severance would be to substantially alter this Agreement or the obligations of the parties, in which case this Agreement shall be immediately terminated.

8.5. Waiver. Any failure of a party to insist upon strict compliance with any term, undertaking, or condition of this Agreement shall not be deemed to be a waiver of such term, undertaking, or condition. To be effective, a waiver must be in writing, signed and dated by the parties.

8.6. Representation by Counsel. Attorney and City acknowledge that they each did, or had the opportunity to, consult with legal counsel of their respective choices with respect to the matters that are the subject of this Agreement prior to executing it.

8.7. Section Headings. The headings on each of the sections and subsections of this Agreement are for the convenience of the parties only and do not limit or expand the contents of any such section or subsection.

Dated: 4/25/2010

CITY OF SAN BUENAVENTURA

By Christy Weir
Christy Weir
Mayor

Dated: 12-9-09

ATTORNEY

Ariel Pierre Calonne
Ariel Pierre Calonne

Approved as to Form
Nordman Cormany Hair & Compton LLP

Jonathan Fraser Light
Jonathan Fraser Light
Special Counsel