

CITY MANAGER EMPLOYMENT AGREEMENT

This Employment Agreement ("Agreement") is made this ^{23rd} 9th day of June, 2015 by and between the City of Garden Grove, hereinafter "CITY," and Scott C. Stiles, hereinafter "EMPLOYEE."

RECITALS

A. In order to ensure that its governmental responsibilities are met at all times, CITY wishes to retain in its employment Scott C. Stiles who has an exceptional degree of knowledge, experience, technical ability, professionalism, and leadership qualities necessary to performing the duties of the City Manager, consistent with the needs of the CITY and the City Council.

B. In order to retain a city manager who demonstrates these exceptional qualities and the experience necessary to fulfill the CITY's immediate and long-term goals and policy objectives, the City Council of the CITY has determined that it is advisable to enter into this Employment Agreement. All CITY actions referred to in this Agreement shall mean actions taken by a majority of the City Council.

C. EMPLOYEE desires to enter into this Agreement in order to specify the terms and conditions of his employment with the CITY.

Now, therefore, CITY and EMPLOYEE hereby agree to the following employment terms and conditions:

ARTICLE 1. TERM OF EMPLOYMENT

Section 1.01. CITY hereby employs EMPLOYEE and EMPLOYEE hereby accepts employment as City Manager effective August 3, 2015 ("Effective Date"). EMPLOYEE'S employment with the CITY is at-will, meaning either the CITY or EMPLOYEE can terminate employment with or without cause.

Section 1.02. The initial term of employment shall be three (3) years, beginning on August 3, 2015 and terminating on August 3, 2018. The agreement shall renew automatically for successive two (2) year terms beginning August 3, 2017.

ARTICLE 2. DUTIES AND OBLIGATIONS OF EMPLOYEE

Section 2.01. EMPLOYEE shall serve as the City Manager of the City of Garden Grove. In his capacity as City Manager of the City of Garden Grove, EMPLOYEE shall do and perform all services, acts, or things necessary or advisable to manage and conduct the business of CITY, as set forth in Chapter 2.08 of the Garden Grove Municipal Code, including the hiring and firing of all employees other than the City

Attorney of CITY, subject at all times to the policies set by CITY's City Council, and to the consent of the City Council when required by the terms of this Agreement.

Section 2.02.

- (a) EMPLOYEE'S position as City Manager is considered a full-time position. EMPLOYEE shall devote his time, ability, and attention to the business of CITY during the term of this Agreement.
- (b) EMPLOYEE shall not engage in any other business, educational, or professional pursuits whatsoever, or directly or indirectly render any service of a business, commercial, or professional nature to any other person or organization, whether for compensation or otherwise, without the prior consent of the City Council. However, the expenditure of reasonable amounts of time for educational, charitable, personal, or professional activities shall not be deemed a breach of this Agreement if those activities do not conflict or materially interfere with the professional services required under this Agreement; such limited activities shall not require the prior consent of the City Council.
- (c) Nothing in this Agreement prohibits EMPLOYEE from making passive personal investments or conducting private business affairs, if those activities are not deemed to be a conflict of interest under state law or conflict or materially interfere with the professional management services required under this Agreement.

EMPLOYEE's duties may involve expenditures of time in excess of the regularly established workday or in excess of a forty hour workweek and may also include time outside normal office hours (including attendance at City Council meetings). City Manager is classified as an exempt employee under the Fair Labor Standards Act ("FLSA") and shall not be entitled to any additional compensation for hours worked in excess of forty in a work week.

ARTICLE 3. OBLIGATIONS OF EMPLOYER

Section 3.01. CITY provides EMPLOYEE with the compensation, benefits and other business expense reimbursement specified elsewhere in the Agreement.

Section 3.02. CITY shall defend, hold harmless and indemnify, EMPLOYEE, against any tort, professional liability claim or demand or other civil legal action, whether groundless or otherwise, sustained by EMPLOYEE in direct consequence of the discharge of his duties. CITY may compromise and settle any such civil claim or suit and pay the amount of any settlement or judgment rendered therefrom.

Section 3.03. The City Council, in closed session, shall review and evaluate the performance of the City Manager at least once each year during the term of this Agreement. Failure of the City Council to review and evaluate the performance of the City Manager pursuant to this section shall not affect the right of the CITY to terminate the City Manager's employment and shall not be considered a breach of this Agreement. Any wage adjustments shall be given at the sole discretion of the Council but EMPLOYEE shall not automatically be entitled to receive one.

ARTICLE 4. COMPENSATION OF EMPLOYEE

Section 4.01. As compensation for the services to be performed hereunder, EMPLOYEE shall receive a salary in accordance with the following schedule:

- (a) Annual Salary of \$256,000.00

ARTICLE 5. EMPLOYEE BENEFITS

Section 5.01. Except as otherwise specified in this Agreement, EMPLOYEE shall receive benefits in the same manner as Central Management Staff receives as of August 3, 2015. EMPLOYEE will only receive additional benefits in the future at the sole discretion of the City Council.

Section 5.02. Because EMPLOYEE is an "at-will" employee, the CITY is not obligated to pay EMPLOYEE pending an investigation into any alleged misconduct by EMPLOYEE, nor is the CITY required to pay for his criminal legal defense. Notwithstanding the foregoing, in the event that the City Council determines, in its sole discretion, that it is in the best interest of the CITY for EMPLOYEE to be placed on paid administrative leave pending such an investigation or for the CITY to pay for EMPLOYEE's criminal legal defense, EMPLOYEE shall fully reimburse any Salary or legal defense costs if EMPLOYEE is convicted of a crime involving an abuse of his office or position as defined in Section 7.01(b) of this Agreement. EMPLOYEE shall fully reimburse such Salary or the criminal legal defense costs no later than six months after such conviction.

ARTICLE 6. BUSINESS EXPENSES

Section 6.01. All business expenses reasonably incurred by EMPLOYEE in promoting the business of CITY, including expenditures for entertainment and travel, are to be paid for, insofar as possible, by the use of credit cards in the name of CITY which will be furnished to EMPLOYEE.

Section 6.02.

- (a) CITY shall promptly reimburse EMPLOYEE for all other reasonable business expenses incurred by EMPLOYEE in connection with the business of CITY.
- (b) Each such expenditure shall be reimbursable only if EMPLOYEE furnishes to CITY adequate records and other documentary evidence.

Section 6.03. CITY agrees to annually budget and allocate sufficient funds for expenses of EMPLOYEE for membership, necessary travel, and living expenses:

- (a) To attend and represent CITY before the annual League of California Cities meeting as well as meetings of the City Managers of the League of California Cities;
- (b) To attend all conferences and meetings of California League committees of which EMPLOYEE is, or may become, a member;
- (c) For such other official meetings and/or travel as is reasonably necessary for the advancement of CITY and which may be approved by the City Council.

ARTICLE 7. TERMINATION OF EMPLOYMENT

Section 7.01.

- (a) If CITY terminates this Agreement (thereby terminating EMPLOYEE'S employment) without Cause or for reasons other than "Cause" as defined in Section 7.02 below, and if EMPLOYEE timely executes and delivers to CITY an original "Separation Agreement and General Release" in the form attached hereto as Attachment 1, and does not thereafter timely exercise his right to revoke said Separation Agreement and General Release, the CITY shall pay EMPLOYEE a lump sum severance benefit ("Separation Pay") equal to the monthly Salary of EMPLOYEE at the time of separation multiplied by the number of months left on the unexpired term of the contract, not to exceed twelve months of his then applicable Annual Salary. Once EMPLOYEE has been employed by CITY continuously for eight (8) years following the Effective Date, CITY shall have no further obligation to pay EMPLOYEE Separation Pay upon his termination.
- (b) Such Separation Pay is considered a cash settlement related to the termination of EMPLOYEE and shall therefore be fully reimbursed to the CITY by EMPLOYEE if he is convicted of a crime involving an abuse of his

office or position. Abuse of office or position shall have the meaning set forth in Government Code section 53243.4, as may be amended, of either (1) an abuse of public authority, including, but not limited to, waste, fraud, and violation of the law under color of authority or (2) 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). EMPLOYEE shall fully reimburse such Separation Pay no later than six months after such conviction.

Section 7.02.

If the CITY terminates this Agreement (thereby terminating EMPLOYEE's employment) with Cause, EMPLOYEE shall not be entitled to any Separation Pay. As used in this Agreement, "Cause" shall mean only any of the following:

1. Conviction of a felony that adversely affects the reputation of the City Manager or the CITY; or
2. Conviction of a misdemeanor arising out of EMPLOYEE'S duties or performance under this Agreement; or
3. Misappropriation of public funds; or
4. Willful abandonment of duties consisting of the failure to report to work for five consecutive working days (for reasons not medically related) and not notifying staff and the City Council of his leave status; or
5. A willful and intentional failure to carry out materially significant and legally constituted policy decisions of the City Council made by the City Council; or
6. Any other intentional or grossly negligent action or inaction by EMPLOYEE that: (a) materially and substantially impedes or disrupts the operations of the CITY or its organizational units; (b) is detrimental to employees or public safety; (c) violates properly established rules or procedures of the CITY causing a material and substantial adverse impact on the CITY; or (d) has a material and substantial adverse effect on the CITY's interests as clearly defined and delineated by properly established City Council action, policy, regulations, ordinances, or City Code provisions.

Section 7.03. EMPLOYEE may terminate his obligations under this Agreement by giving CITY at least thirty (30) days' notice in advance, in which case, EMPLOYEE shall not be entitled to Separation Pay.

Section 7.04. In the event the CITY terminates the EMPLOYEE for any reason or no reason, the CITY and the EMPLOYEE agree that no member of the City Council, the City Management staff, nor the EMPLOYEE, shall make any written, oral or electronic statement to any member of the public, the press, or any city employee concerning the EMPLOYEE's termination except in the form of a joint press release or statement, the content of which is mutually agreeable to the CITY and the EMPLOYEE. The joint press release or statement shall not contain any text or information that is disparaging to either party. Either party may verbally repeat the substance of the joint press release or statement in response to any inquiry.

ARTICLE 8. GENERAL PROVISIONS

Section 8.01. Any notices to be given hereunder by either party to the other shall be in writing and may be transmitted by personal delivery, by email or by U.S. mail. Mailed notices shall be addressed to the parties at the following addresses:

EMPLOYEE: on file in Human Resources

CITY: 11222 Acacia Parkway
Garden Grove, CA 92840

Each party may change that address by written notice in accordance with this Section. Notices delivered personally shall be deemed communicated as of the date of actual receipt; emailed or mailed notices shall be deemed communicated as of the date of sending or mailing.

Section 8.02.

- (a) Any controversy between CITY and EMPLOYEE involving the construction or application of any of the terms, provisions, or conditions of this Agreement or Attachment 1, the Separation Agreement and General Release, shall, on written request of either party served on the other, be submitted to arbitration before a single neutral arbitrator associated with the Orange County office of JAMS. Arbitrations shall comply with and be governed by the provisions of the California Arbitration Act.
- (b) The arbitration shall proceed under the then-most current JAMS rules for employment disputes.
- (c) The costs of arbitration, and the fee of the arbitrator, shall be borne equally by the CITY and EMPLOYEE.
- (d) The prevailing party shall be entitled to reasonable attorneys' fees, costs and necessary disbursements in addition to any other relief to which that party may be entitled.

Section 8.03. This Agreement supersedes any and all other agreement, either oral or in writing, between the parties hereto with respect to the employment of EMPLOYEE by CITY and contains all of the covenants and agreements between the parties with respect to that employment in any manner whatsoever. Each party to this Agreement acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not embodied herein, and that no other agreement, statement, or promise not contained in this Agreement shall be valid or binding on either party.

Section 8.04. Any modification of this Agreement will be effective only if it is in writing and signed by the party to be charged.

Section 8.05. The failure of either party to insist on 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.

Section 8.06. If any provision in 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.

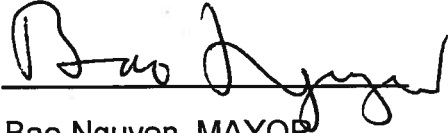
Section 8.07. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California.

Section 8.08. The terms and conditions of EMPLOYEE's employment, including additional employment benefits of EMPLOYEE not specifically provided for in this Agreement, shall be governed by CITY'S personnel policies and procedures and administrative regulations, to the extent not inconsistent with the provisions of this Agreement. In the event of any such inconsistency or conflict, the provisions of this Agreement shall govern.

Section 8.09. Within ten (10) days of EMPLOYEE's execution of this Agreement, EMPLOYEE's counsel, Executive Law Group, Inc., shall be paid by CITY an amount not to exceed \$3,750 for attorneys' fees incurred by EMPLOYEE in the negotiation and preparation of this Agreement.

AGREED TO by the undersigned:

For the CITY:



Bao Nguyen, MAYOR

For the EMPLOYEE:



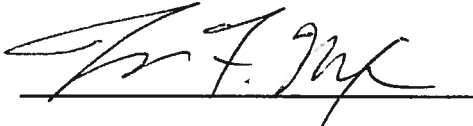
Scott C. Stiles, CITY MANAGER

Attest:



Kathleen Bailor, CITY CLERK

Approved as to form:



Thomas F. Nixon, CITY ATTORNEY