



City of Palo Alto City Council Staff Report

(ID # 8620)

Report Type: Action Items

Meeting Date: 11/6/2017

Summary Title: Amendment to CAO Employment Agreements

Title: Adoption of Annual Amendments to the Employment Agreements Between the City of Palo Alto and Council Appointed Officers' (City Manager, City Attorney, City Auditor and City Clerk)

From: City Manager

Lead Department: Human Resources

Recommended Motion

Staff recommends that Council consider the following motion:

Approve and authorize the Mayor to execute the following contract amendments for Council Approved Officers: 1) Amendment No. Seven to Employment Agreement between the City of Palo Alto and James R. Keene; 2) Amendment No. Five to Employment Agreement between the City of Palo Alto and Molly S. Stump; 3) Amendment No. Three to Employment Agreement between the City of Palo Alto and Harriet M. Richardson and, 4) Amendment No. Three to Employment Agreement between the City of Palo Alto and Beth D. Minor.

Recommendation

The City Council has completed annual merit reviews for Council Appointed Officers (CAOs) for the prior fiscal year's performance (FY2016/17). Staff has been directed by City Council to forward amendments to employment agreements to implement merit-based increases to the CAO's annual salaries, effective July 1, 2017, as follows: City Manager James R. Keene, Jr., merit increase of 5% from \$298,542 to \$313,477 (Attachment A); City Attorney Molly S. Stump, merit increase of 5% from \$270,712 to \$284,253 (Attachment B); City Auditor Harriet Richardson, merit increase of 4% from \$180,315 to \$187,533 (Attachment C); and City Clerk Beth Minor, merit increase of 4% from to \$141,148 to \$146,806 (Attachment D).

Discussion

In accordance with the CAO employment agreements, the City Council evaluates performance and determines any merit-based salary increases at the conclusion of each fiscal year, with an effective date of July 1. The evaluation process begins in approximately May of each year but often takes several months to complete, as it is an extensive process with multiple steps. Since 2014, City Council has obtained facilitation services from the Municipal Resources Group (MRG)

to assist with the annual process. MRG's role includes conducting Council interviews and surveys, collecting data and facilitating closed session discussions.

The CAO employment agreements do not include provisions for general wage or other adjustments provided to other management employees. Thus, the merit-based pay increase for each CAO described in this memo is the only annual increase to be provided. All other terms and conditions of the employment agreements remain the same.

Resource Impact

Sufficient funding is available for the additional cost of approximately \$55,000 in the respective departmental FY2018 Adopted Budgets.

Policy Implication/Environmental Review

Approval of these amended employment agreements will not result in any policy implications or environmental impacts.

Attachments:

- Attachment A: Amendment No. Seven to Keene Employment Agt
- Attachment B: Amendment No. Five to Stump Employment Agt
- Attachment C: Amendment No. Three to Richardson Employment Agt
- Attachment D: Amendment No. Three to Minor Employment Agt
- Attachment E CAO Salary Schedule

**AMENDMENT NO. SEVEN TO EMPLOYMENT AGREEMENT
BETWEEN THE CITY OF PALO ALTO AND
JAMES R. KEENE, JR.**

This Amendment No. SEVEN to EMPLOYMENT AGREEMENT BETWEEN THE CITY OF PALO ALTO AND JAMES R. KEENE, JR. ("Agreement") is entered into on November 6, 2017 by and between the CITY OF PALO ALTO, a California chartered municipal corporation ("City"), and JAMES R. KEENE, JR. ("Manager"), an individual, located at 250 Hamilton Avenue 7th Floor, Palo Alto, CA.

RECITALS:

WHEREAS, the original EMPLOYMENT AGREEMENT BETWEEN THE CITY OF PALO ALTO AND JAMES R. KEENE, JR., attached hereto and incorporated herein as Exhibit "A" was entered into between the parties for the services of City Manager on or about August 21, 2008; and

WHEREAS, AMENDMENT NO. ONE to the Agreement, attached hereto and incorporated herein as Exhibit "B" was entered into between the parties on or about August 21, 2008; and

WHEREAS, AMENDMENT NO. TWO to the Agreement, attached hereto and incorporated herein as Exhibit "C" was entered into between the parties on or about August 2, 2010; and

WHEREAS, AMENDMENT NO. THREE to the Agreement, attached hereto and incorporated herein as Exhibit "D" was entered into between the parties on or about March 24, 2014; and

WHEREAS, AMENDMENT NO. FOUR to the Agreement, attached hereto and incorporated herein as Exhibit "E" was entered into between the parties on or about December 8, 2014; and

WHEREAS, AMENDMENT NO. FIVE to the Agreement, attached hereto and incorporated herein as Exhibit "F" was entered into between the parties on or about February 1, 2016; and

WHEREAS, AMENDMENT NO. SIX to the Agreement, attached hereto and incorporated herein as Exhibit "G" was entered into between the parties on or about December 12, 2016; and

WHEREAS, the parties wish to amend the Agreement;

NOW, THEREFORE, in consideration of the covenants, terms, conditions, and provisions of this Amendment, the parties agree:

SECTION 1: Section 3 of the Agreement, Compensation, is hereby amended to read as follows:

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

3.1 Compensation. Commencing on and continuing from the pay period including July 1, ~~2016~~2017, Manager's annual base salary shall be increased to ~~Two Hundred Ninety Eight Thousand Five Hundred Forty Two and 40/100~~Three Hundred Thirteen Thousand Four Hundred Seventy Seven and No/100 Dollars (~~\$298,542.40~~313,477.00), prorated and paid on the City's normal paydays.

SECTION 2. Except as herein modified, all other provisions of the Contract, including any exhibits and subsequent amendments thereto, shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have by their duly authorized representatives executed this Amendment on the date first above written.

ATTEST:

CITY OF PALO ALTO

City Clerk

Mayor

Dated:_____

APPROVED AS TO FORM:

MANAGER

City Attorney

James R. Keene, Jr.

Dated:_____

Attachments:

- Exhibit A: EMPLOYMENT AGREEMENT BETWEEN THE CITY OF PALO ALTO AND JAMES R. KEENE, JR.
- Exhibit B: AMENDMENT NO. ONE TO EMPLOYMENT AGREEMENT BETWEEN THE CITY OF PALO ALTO AND JAMES R. KEENE, JR.
- Exhibit C: AMENDMENT NO. TWO TO EMPLOYMENT AGREEMENT BETWEEN THE CITY OF PALO ALTO AND JAMES R. KEENE, JR.
- Exhibit D: AMENDMENT NO. THREE TO EMPLOYMENT AGREEMENT BETWEEN THE CITY OF PALO ALTO AND JAMES R. KEENE, JR.
- Exhibit E: AMENDMENT NO. FOUR TO EMPLOYMENT AGREEMENT BETWEEN THE CITY OF PALO ALTO AND JAMES R. KEENE, JR.
- Exhibit F: AMENDMENT NO. FIVE TO EMPLOYMENT AGREEMENT BETWEEN THE CITY OF PALO ALTO AND JAMES R. KEENE, JR.
- Exhibit G: AMENDMENT NO. SIX TO EMPLOYMENT AGREEMENT BETWEEN THE CITY OF PALO ALTO AND JAMES R. KEENE, JR.

Exhibit A

EMPLOYMENT AGREEMENT BETWEEN
THE CITY OF PALO ALTO AND JAMES R. KEENE, JR.

THIS AGREEMENT is between the City of Palo Alto, a California municipal corporation and chartered city ("City") and James R. Keene, Jr., an individual ("Manager"). 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 employ Manager as its City Manager subject to the terms and conditions set forth in this Agreement and in the provisions of the Charter of the City of Palo Alto (the "Charter");

B. The Charter provides, among other things, that the City Manager shall be appointed for an indefinite term by a majority vote of the City Council and that he may be removed at the pleasure of the City Council by a two-thirds vote on a resolution passed for that purpose;

C. Manager desires to be employed by the City of Palo Alto as its City Manager, subject to the terms and conditions set forth in this Agreement and in the Charter;

D. Manager desires a predictable amount of severance notice and severance pay;

E. 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 Manager;

F. City and Manager desire to establish specific terms and conditions relating to compensation and benefits, housing assistance, performance evaluations, and related matters;

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

1. Employment Start Date. City hereby appoints and employs Manager as City Manager, and Manager hereby accepts the appointment and employment, for an indefinite term that begins on September 2, 2008, provided Manager actually reports for and commences work on that date (the "Employment Start Date"). In the event Manager

does not actually report for and commence work on September 2, 2008, the Employment Start Date will be the date, if any, as otherwise mutually agreed by the parties.

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

2.1 Full Energy and Skill. Manager shall devote his full energy, skill, ability, and productive time to the performance of Manager's duties. Manager understands that the Charter requires that the City Manager devote his entire work time to the discharge of the duties of the office.

2.2 No Conflict. Manager shall not engage in any activity which is actually or potentially in conflict with, inimical to, or which interferes with the performance of Manager's duties.

2.3 Uncompensated Professional Activities. Manager may attend and/or participate in uncompensated professional activities, including but not limited to the activities described in subsections 8.3 and 8.4, provided that Manager's ability to perform the duties described in this Section 2 is not unreasonably compromised or impaired. Manager shall inform the City Council in writing in advance of absences of more than one day related to such activities.

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

3.1 Initial Compensation. Commencing on and continuing from the Employment Start Date, Manager will receive an initial base annual salary of Two Hundred Forty Thousand and No/100 Dollars (\$240,000.00), prorated and paid on City's normal paydays.

3.2 Salary Adjustments. Manager shall be entitled to the same percentage increase in his pay as any inflation or similar adjustment that the City Council approves which applies to all Management and Professional Personnel and Council Appointees. Not less than once each year, the City Council shall meet for the express purpose of evaluating the performance of Manager and determining whether to grant him an individual incentive award based on performance. The City Council will act in good faith in determining whether to provide the incentive award, but the ultimate decision in this regard is within the sole discretion of the City Council. The Council may also grant special labor market and/or internal equity adjustments to the Manager.

4. Regular Benefits and Allowances. Manager will be eligible for, and shall receive, all regular benefits (e.g., health insurance, PERS contribution paid by City,) and vacation, sick leave, and management leave as are generally provided to Management and Professional Personnel and Council Appointees from time to time by the City Council.

5. Additional Benefits and Allowances. In addition to the benefits specified in section 4, Manager will receive the following additional benefits and allowances to the extent they are not already included in the regular benefits generally provided to Management and Professional Personnel and Council Appointees.

5.1 Transportation Allowance. Manager's duties require that he have available exclusive and unrestricted use of an automobile for business purposes and Manager agrees to have a personal vehicle available for such use. In consideration of this, City agrees to pay to Manager, during the term of this Agreement and in addition to other salary and benefits, a transportation allowance of Six Hundred and No/100 Dollars (\$600.00) per month. This transportation allowance will increase by the percentage amount of any increases provided for transportation allowances received by Management and Professional Personnel and Council appointees, rounded to the nearest five dollars (\$ 5.00).. The transportation allowance includes reimbursement for an appropriate allocation of vehicle insurance and all other expenses of vehicle ownership, maintenance and operation. The Manager may also use the Transportation Allowance for alternative means of transportation necessary and useful for the exercise of his duties. The time and manner of payment will be in accord with City's normal procedures. Manager shall be solely responsible for any personal federal or state tax liability arising from this transportation allowance.

5.2 Retirement Contributions. City maintains an Internal Revenue Code § 401(a) governmental money purchase retirement plan in which Manager will be an eligible participant. City will make employer monthly contributions as a percent of the prorated maximum contribution permitted by law. Starting in the month Manager becomes eligible to participate in the 401(a) plan, City will make an employer contribution of 50% of the maximum contribution, prorated and paid monthly. Commencing in the month in which Manager completes three (3) years of service with the City, City will make employer contributions of 75% of the maximum contribution, prorated and paid monthly. Commencing in the month in which Manager completes five (5) years of service with the City, City will make employer contributions of 100% of the maximum contribution, prorated and paid monthly. An employer contribution will be paid in the final month of employment if Manager's last day of employment is the last workday of the month. Otherwise, no contribution will be made in the last month of employment.

5.2.1 The maximum contribution for purposes of this paragraph includes the legal maximum with cost of living adjustments provided under the Internal Revenue Code. It is not intended to and does not incorporate increases resulting from future federal legislative or regulatory action.

5.2.2 By way of example, the contribution limit for 2008 is \$46,000.00. City will contribute \$1,916.67 per month ($\$46,000.00/12 = \$3,833.33 * 50\% = \$1,916.67$) for those months Manager remains employed. If the Internal Revenue Service increases the contribution limit for years after 2008 based on a cost of living adjustment, the new contribution limit will be used as the basis for calculating contributions. After three (3) years of service the City contribution will be \$2,875.00 per month plus 75% of cost of living adjustments ($\$46,000.00 \text{ plus COLA}/12 = \$3,833.33 * 75\% = \$2,875.00 \text{ plus } 75\% \text{ of COLA}$). After five (5) years of service, City will pay the entire monthly amount of \$3,833.33 plus COLA.

5.2.3 Manager will make any additional contributions required under the plan, if any, and may make additional voluntary contributions, if permitted.

5.2.4 Manager is also eligible to make contributions to the City Internal Revenue Service Code 457 plan at his discretion, to the maximum extent allowed under the plan document or by law, whichever is less.

5.3 Parking. City shall provide parking at the Civic Center at no cost to Manager.

5.4 Leave Accrual Rate. Manager's tenure and long career in public service has been considered to determine the accrual rate for annual leave, including but not limited to vacation. As a result, Manager's initial vacation accrual rate will be based on an annual accrual of two hundred (200) hours. Any other accrual rates that are based on years of service will be applied at the maximum rate. Accruals will begin upon assumption of employment.

5.5 Leave Balance upon Start of Employment. Manager will be credited with one hundred twenty (120) hours of vacation leave and two hundred forty (240) hours of sick leave upon reporting for work and actually starting employment.

6. Relocation and Housing Assistance. City will assist Manager with relocation and the purchase of housing in Palo Alto as provided in this section 6.

6.1 Relocation Expenses. In accordance with City's compensation plan for Management and Professional Personnel and Council Appointees and any related policy, City shall bear the actual and reasonable expenses, not exceed Twenty Five

Thousand and No/100 Dollars (\$25,000), incurred within twelve (12) months of beginning employment to move Manager and his family from his former home to Palo Alto. Manager will keep an accurate record of all such expenses and present such record with his request(s) for payment or reimbursement.

6.2 Temporary Housing. City will bear the actual and reasonable monthly rental or lease cost, not to exceed Five Thousand and No/100 Dollars (\$5,000.00) per month, for temporary housing located within the corporate limits of the City, for a period not to exceed twelve (12) months, while Manager is seeking suitable housing that qualifies for housing assistance provided in this section 6. Manager will keep an accurate record of all such expenses and present such record(s) with his request for payment or reimbursement. City will advance any refundable deposits and will be reimbursed for such deposits by Manager (including interest, if any, paid by the deposit holder) at the time the refund is paid or if the refund is refused by holder, at the time it would otherwise be due.

6.3 Home Purchase and Method of Financing Purchase of Home. City will assist in purchasing a home for Manager and his family as provided in this subsection 6.3.

6.3.1 Time of Purchase. To be eligible for assistance under this subsection 6.3, Manager will purchase a home within the corporate limits of the City within a reasonable time after the Employment Start Date (the "Property"). The parties anticipate this will occur within one year but acknowledge that market conditions may make a longer period reasonable.

6.3.2 Manager's Contribution. Manager may contribute his personal funds toward the purchase price of the Property (the "Manager's Contribution").

6.3.3 City Loan. Should the price of the home exceed Manager's Contribution, if such contribution is made, City will provided to Manager a loan (the "City Loan"), secured by a note and first deed of trust on Manager's tenancy in common interest, for the home purchased by Manager, in an amount as determined by Manager not to exceed Five Hundred Thousand and No/100 Dollars (\$500,000.00). The City Loan will be fully amortized over a maximum term of 30 years, but the term may be shorter at Manager's request. The loan will be immediately due on sale. The interest on the City Loan will be adjusted annually on July 1 as follows:

From the date of execution of the note, the rate will be equal to the lower of 5.5% or the sum of the City's portfolio rate, which is defined as the annual rate of return on investment funds of the City of Palo Alto during the most recent

fiscal year, plus one quarter percent (1/4%) as calculated annually by the City's Director of Administrative Services.

6.3.4 City Contribution Toward Purchase Price. In addition to any Manager's Contribution and the City Loan provided to Manager, City will contributed an additional amount, not to exceed One Million Five Hundred Thousand and No/100 Dollars (\$1,500,000.00) toward the purchase price of the Property. The purchase price will include any real estate broker's fee payable by buyer, but does not include closing costs, title insurance and related fees normally attributable to a buyer in Santa Clara County, the reasonable and actual cost of which will be paid by the City. The City contribution provided in this subsection will be made in a ratio of three (3) to one (1), as compared to the total of the Manager's Contribution and the City Loan. Stated differently, the City contribution will be 75% and the combination of Manager's Contribution and the City Loan will be 25% of the purchase price; The City's combination of equity contribution and City loan will not to exceed Two Million and No/100 Dollars (\$2,000,000).

Once the City contribution limit of One Million Five Hundred Thousand and No/100 Dollars (\$1,500,000.00) is reached, the City contribution share of 75% will cease. Any further contributions will be made as Manager's Contribution or, if the City Loan limit has not been exhausted, by City Loan.

6.3.5 Equity Ownership Interests. If City participates in the purchase of the home, the proportional ownership of the home will be shown on the deed as the ratio of funds provided by Manager and City toward the purchase. By way of example:

a. If the purchase price is Two Million and No/100 Dollars (\$2,000,000.00), Manager may utilize the full City Loan as his 25% contribution, with the City making its 75% contribution, equal to the maximum contribution. Under this scenario, the equity ownership of Manager will be will be 25% ($\$500,000/\$2,000,000 = 25\%$) and the equity ownership of City in the Property will be 75% ($\$1,500,000/\$2,000,000 = 75\%$).

b. Similar to the prior scenario, but with a purchase price of Two Million Five Hundred Thousand and No/100 Dollars (\$2,500,000.00), Manager's Contribution will be \$500,000, in addition to the City Loan and City contribution. Under this revised scenario, the equity ownership of Manager will be 40% ($[\$500,000 + \$500,000]/\$2,500,000 = 40\%$) and the equity ownership of City in the Property will be 60% ($\$1,500,000/\$2,500,000 = 60\%$).

6.3.6 Equity Ownership Interests Not A Partnership. City and Manager agreed to share the equity interest in the Property in order to consummate transactions contemplated in this Agreement related to assisting Manager with purchasing a home within Palo Alto city limits. Nothing herein shall be construed as creating a partnership or other joint venture between Manager and the City, it being agreed that they are not partners and did not intend by entering into this Agreement to form a partnership, or otherwise to have the relationship of partners to one another.

6.3.7 Title Held As Tenants-In-Common. The Property will be held by Manager and City as tenants-in-common, with Manager and City owning proportional undivided interests, as determined under subsection 6.3.5, above. Manager will have the exclusive right to occupy the Property and will not rent, lease or transfer any interest to a third party without the written consent of City, which may be withheld in City's sole discretion. Neither party may sell its interest in the Property separate from the other and agrees to cooperate in the sale of its interest in the Property, as provided in section 6.8, below.

6.3.8 Execution of Documents. City and Manager will cooperate in the preparation and execution of all title documents, notes, deeds of trust, escrow instructions, agreements and other documents reasonably necessary to conform the purchase of the home to the provisions of this subsection, in a form mutually determined by Manager and the City Attorney. The deed will reflect the terms and conditions of this Agreement. At the option of City, the documents may also include a tenancy in common agreement supplementing the terms of this Agreement and a recorded power of attorney in favor of City to facilitate the sale of Manager's interest under the circumstances provided in section 6.8 in the event Manager is unable or unwilling to cooperate in the sale.

6.4 No additional mortgages or liens. Except liens for taxes, special assessments, and the first deed of trust referred to above, Manager shall not cause any lien or mortgage to be recorded against the home except as expressly authorized in writing by the City Council. The City Council shall not unreasonably withhold permission for refinancing or equity loans that do not impair City's interest in the home.

6.5 Property Taxes and Insurance. Manager will pay property taxes proportionate to Manager's equity ownership interest in the Property, as determined by subsection 6.3.5 above and City will be responsible for its proportionate share. The equity share of Manager may be provided through the City Loan or Manager's Contribution or both. Manager will pay for all insurance on the home without reimbursement from City, except as provided below. If City contributes to the purchase price of the Property, Manager will obtain, and agrees to continue to maintain in force, comprehensive

homeowner's insurance (HO-3), including earthquake and, if applicable due to location, flood coverage, for as long as City has a security interest or equity share in the home. All such insurance will state the respective interests of the parties and provide that the proceeds of any such insurance shall be paid to the parties as their respective interests appear. City shall provide and/or pay the cost of earthquake and flood insurance.

6.6 Occupancy and Maintenance. Manager will reside at the Property from the time of purchase and initial occupancy and will continue to occupy the Property at all times as his principal residence during the term of this Agreement. Manager will maintain the home in good condition and in compliance with all applicable codes. Manager shall be solely responsible for all maintenance and repair costs, including deductibles and repair and restoration of uninsured losses.

6.7 Capital Improvements. Manager may, at his sole expense, make such improvements to the home as he deems beneficial, provided such improvements do not cause the value of the Property to decline. For purposes of this agreement, a capital improvement is the addition of a permanent structural improvement or restoration of some aspect of the Property that either increases the Property's resale value or increases its useful life. With the approval of City, the actual cost of each capital improvement with a cost in excess of Ten Thousand and No/100 Dollars (\$10,000.00) will be treated as an addition to Manager's Contribution and used to reallocate equity ownership interests at the time of sale, as provided in subsections 6.8 and 6.9, below, in such amount(s) as the parties may mutually agree. City's approval, when sought for a capital improvement that will result in the reallocation of equity ownership interests, must be obtained in writing prior to the initiation of the capital improvement and may be withheld in City's sole and absolute discretion.

6.8 Sale. The sale of the home will occur on the happening of one of the following:

- a. At the option of Manager, subject to the provisions of subsections 6.9 and 6.10;
- b. The passing of 18 months following the termination of the employment of Manager for any reason, whether voluntary or involuntary;
- c. At the option of City, upon the occurrence of any default, as defined in any agreement or document related to purchase or holding of the Property, including the purchase and financing terms of this Agreement;
- d. Should the Manager permanently move out of the Property or cease to use the Property as his primary residence; and

- e. Upon mutual agreement of the parties.

Notwithstanding the above, one party may purchase the home by buying the interest of the other as provided in subsection 6.10.

6.9 Proceeds On Sale. Upon sale of the home, the proceeds of sale shall be divided between the parties as follows:

a. The costs of sale, including, but not limited to escrow fees, real estate broker's fees, and related expenses shall first be deducted from the gross sales price to reach a net sales price ("Net Sales Price");

b. "Manager's Equity Share" will be equal to his equity ownership percentage, determined by subsection 6.3.5 and, if applicable, subsection 6.7, above, multiplied by the Net Sales Price and "City's Equity Share" will be equal to its equity ownership percentage, determined by subsection 6.3.5 and, if applicable, subsection 6.7, above, multiplied by the Net Sales Price;

c. The outstanding balance of the City Loan, together with any accrued, but unpaid, interest and all other amounts shall be deducted from Manager's Equity Share and paid to City pursuant to the terms of the City Loan, and Manager shall receive the remainder; and

d. City shall be paid the City's Equity Share, calculated as set forth in clause (b) above; amounts paid in connection with the City Loan are independent of City's Equity Share and shall not be credited toward City's Equity Share and vice versa.

6.10 One Party's Right to Purchase the Interest of the Other Party.

6.10.1 City Right. If Manager determines to put the home up for sale, either while he is still employed or after his employment is terminated, City shall have the right to purchase Manager's interest rather than have the home sold and the proceeds divided as provided above. In order to value the interests of the parties in the home at that time, the home will be appraised, at City's expense, by a qualified real estate appraiser acceptable to both parties. If the parties are unable to agree on an appraiser, each party may hire and pay for its own appraiser. The value of the home will be the average of the two appraisals. After the value of the home is determined, City may purchase Manager's interest in the home, the value of which shall be calculated using the formula set forth in subsection 6.9; and

6.10.2 Manager's Right. At any time while still employed by the City in good standing, Manager may purchase the home by paying to City its Final Equity Share as calculated under subsection 6.9 and paying any other amounts outstanding, as provided in subsection 6.9 (c) (including the outstanding balance on the loan, interest and other amounts). In order to determine the interests of the parties in the home at the time, the home will be appraised, at City's expense, by a qualified real estate appraiser acceptable to both parties. If the parties are unable to agree on an appraiser, each party may hire and pay for its own appraiser. The value of the home will be the average of the two appraisals.

7. Duration of Employment. Manager understands and agrees that he has no constitutionally protected property or other interest in his employment as City Manager. 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 to the requirements of Section 3 of Article IV of the Charter, a copy of which has been provided to Manager. It is understood that the public hearing accorded Manager upon termination as provided in the referenced section of the Charter is not a hearing in which witnesses will be called and examined nor in which Manager may formally contest the reasons for termination. The hearing is solely for the purpose of Manager being able to publicly respond to any reasons given for his termination by the City Council.

7.1 Severance Pay. If Manager is terminated or asked to resign in lieu of termination, he shall receive a cash payment, or payments (without interest) at intervals specified by Manager, equivalent to the sum of his then-current monthly salary multiplied by twelve (12) and the cash value, as reasonably determined by City, of his monthly non-salary benefits multiplied by twelve (12). The monthly non-salary benefits shall be those specified in sections 4 and 5.2. 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 Manager is the result of conviction of a felony, he shall not be paid any severance pay.

8. Payment of Expenses of Employment. City shall pay the following usual and customary employment expenses:

8.1 The cost of any fidelity or other bonds required by law for the City Manager.

MANAGER: James R. Keene, Jr.
c/o 250 Hamilton Avenue
Palo Alto, CA 94301
Phone: (650) 329-2563
FAX: (650) 325-5025

9.2 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 and attached hereto.

9.3 Attorney's Fees. If any legal action or proceeding is brought to enforce or interpret this Agreement, the prevailing party as determined by the court shall be entitled to recover from the other party all reasonable costs and attorney's fees, including such fees and costs as may be incurred in enforcing any judgment or order entered in any such action.

9.3.1 Alternate Dispute Resolution. Nothing in this subsection shall be read to prevent the parties from agreeing to some alternative method of dispute resolution. If such a method is agreed to, any final determination shall include an award of attorney's fees and costs by the presiding officer.

9.4 Severability. In the event any portion of this Agreement is declared void or unenforceable, 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.

9.5 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.

9.6 Employee's Independent Review. Employee acknowledges that he has had the opportunity and has conducted an independent review of the financial, tax and legal effect of this Agreement. Employee acknowledges that he has made an independent judgment upon the financial, tax and legal effects of this Agreement and has not relied upon any representation of City, its officers, agents or employees other than those expressly set forth in this Agreement.

9.7 Governing Law and Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of California. Manager and City agree that venue for any dispute shall be in Santa Clara County, California.

9.8 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: August 26, 2008 CITY OF PALO ALTO

By [Signature]
Larry Klein
Mayor

Attest

[Signature]
City Clerk

Dated: 8-8-08

MANAGER

By [Signature]
James R. Keene, Jr.

Approved as to Form:

for [Signature]
City Attorney

THE FOREGOING DOCUMENT IS CERTIFIED TO BE
A CORRECT COPY OF THE ORIGINAL ON FILE.

CITY CLERK,
CITY OF PALO ALTO

"I certify (or declare) under penalty
of perjury that the foregoing is true
and correct."

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March 10, 10
City of Palo Alto, CA

Exhibit B

**AMENDMENT NO. ONE TO EMPLOYMENT AGREEMENT
BETWEEN THE CITY OF PALO ALTO AND JAMES R. KEENE, JR.**

This is Amendment Number One to the Employment Agreement Between the City of Palo Alto ("City") and James R. Keene, Jr., its City Manager ("Manager"), effective 8/21 2008.

RECITALS

The following recitals are a substantive portion of this Agreement:

1. The original Employment Agreement ("Contract") was entered into between City and Manager for the provision of employment.
2. The parties wish to amend the Contract.

NOW, THEREFORE, in consideration of the covenants, terms, conditions, and provisions of this Amendment, the parties agree:

SECTION 1. Section 3.2 of the Employment Agreement Between the City of Palo Alto and James R. Keene, Jr., is hereby amended to read as follows, deleting the terms shown in strikethrough:

"Salary Adjustments. Manager shall be entitled to the same percentage increase in his pay as any inflation or similar adjustment that the City Council approves which applies to all Management and Professional Personnel and Council Appointees. Not less than once each year, the City Council shall meet for the express purpose of evaluating the performance of Manager and determining whether to grant him an individual incentive award based on performance. The City Council will act in good faith in determining whether to provide the incentive award, but the ultimate decision in this regard is within the sole discretion of the City Council. The Council retains the discretion to grant special labor market and/or internal equity adjustments to the Manager."

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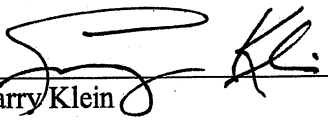
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CJS-013

SECTION 2. Except as herein modified, all other provisions of the Contract including any exhibits and subsequent amendments thereto, shall remain in full force and effect.

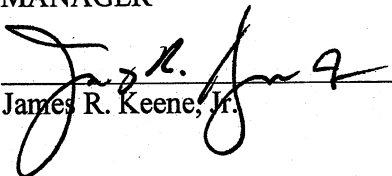
CITY OF PALO ALTO

Dated: August 21, 2008


Larry Klein
MAYOR

MANAGER

Dated: 8-8-08


James R. Keene, Jr.

ATTEST:


City Clerk

APPROVED AS TO FORM:

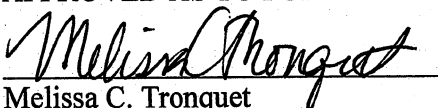

Melissa C. Tronquet
Deputy City Attorney

Exhibit C

**AMENDMENT NO. TWO TO EMPLOYMENT AGREEMENT
BETWEEN THE CITY OF PALO ALTO AND
JAMES R. KEENE, JR.**

This Amendment No. Two to EMPLOYMENT AGREEMENT BETWEEN THE CITY OF PALO ALTO AND JAMES R. KEENE, JR. ("Agreement") is entered into on August 2, 2010 by and between the CITY OF PALO ALTO, a California chartered municipal corporation ("City"), and JAMES R. KEENE, JR. ("Manager"), an individual, located at 250 Hamilton Avenue 7th Floor, Palo Alto, CA.

RECITALS:

WHEREAS, the original EMPLOYMENT AGREEMENT BETWEEN THE CITY OF PALO ALTO AND JAMES R. KEENE, JR., attached hereto and incorporated herein as Exhibit "A" was entered into between the parties for the services as City Manager on or about August 8, 2008; and

WHEREAS, the parties wish to amend the Contract;

NOW, THEREFORE, in consideration of the covenants, terms, conditions, and provisions of this Amendment, the parties agree:

SECTION 1: Section 6.7.1. Approval of Capital Improvements of \$50,000 or Less is hereby added to read as follows:

"6.7.1. Approval of Capital Improvements of \$50,000 or Less. For capital improvements of less than \$50,000 resulting in a change in equity share, "City Approval" may be granted in writing by the Mayor."

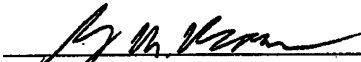
SECTION 2: Section 6.7.2. Capital Improvements Loan is hereby added to read as follows:

"6.7.2. Capital Improvements Loan. City shall loan the Manager a sum not to exceed \$125,000 at the loan interest rates and term in Section 6.3.3, to be used for capital improvements to the home on a matching contribution basis ("Capital Improvements Loan"). For every dollar the City Manager contributes through a Manager's Contribution to capital improvements, the City will loan the Manager an equivalent amount in matching funds, capped at a total Capital Improvements Loan of \$125,000. For example, if the City Manager makes a contribution of \$50,000 (Manager's Contribution), the City will loan the Manager \$50,000 for a total of \$100,000 in capital improvements. If the Manager makes a contribution of \$150,000 (Manager's Contribution), the City's loan match will be capped at \$125,000. Such capital improvements and a City Capital Improvements Loan can be made in increments but in no case will the City loan the Manager a total of more than \$125,000 for capital improvements. The loan amount will result in a reallocation of ownership interest where the City's interest will decrease and City Manager's interest will increase as described in paragraph 6.7.

SECTION 3. Except as herein modified, all other provisions of the Contract, including any exhibits and subsequent amendments thereto, shall remain in full force and effect.

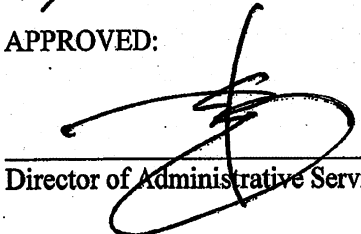
IN WITNESS WHEREOF, the parties have by their duly authorized representatives executed this Amendment on the date first above written.

APPROVED AS TO FORM:



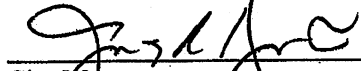
City Attorney

APPROVED:



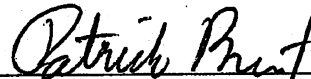
Director of Administrative Services

CITY OF PALO ALTO



City Manager

Mayor

By: 

Name: Patrick Bart

Title: Mayor

Attachments:

**EXHIBIT "A": EMPLOYMENT AGREEMENT BETWEEN THE CITY OF PALO ALTO
AND JAMES R. KEENE, JR.**

Exhibit D

**AMENDMENT NO. THREE TO EMPLOYMENT AGREEMENT
BETWEEN THE CITY OF PALO ALTO AND
JAMES R. KEENE, JR.**

This Amendment No. Three to EMPLOYMENT AGREEMENT BETWEEN THE CITY OF PALO ALTO AND JAMES R. KEENE, JR. ("Agreement") is entered into on March ____, 2014 by and between the CITY OF PALO ALTO, a California chartered municipal corporation ("City"), and JAMES R. KEENE, JR. ("Manager"), an individual, located at 250 Hamilton Avenue 7th Floor, Palo Alto, CA.

RECITALS:

WHEREAS, the original EMPLOYMENT AGREEMENT BETWEEN THE CITY OF PALO ALTO AND JAMES R. KEENE, JR., attached hereto and incorporated herein as Exhibit "A" was entered into between the parties for the services of City Manager on or about August 21, 2008; and

WHEREAS, AMENDMENT NO. ONE to the Agreement, attached hereto and incorporated herein as Exhibit "B" was entered into between the parties on or about August 21, 2008; and

WHEREAS, AMENDMENT NO. TWO to the Agreement, attached hereto and incorporated herein as Exhibit "C" was entered into between the parties on or about August 2, 2010; and

WHEREAS, the parties wish to amend the Agreement;

NOW, THEREFORE, in consideration of the covenants, terms, conditions, and provisions of this Amendment, the parties agree:

SECTION 1: Section 3 of the Agreement, Compensation, is hereby amended to read as follows:

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

3.1 Compensation. Commencing on and continuing from the Employment Start Date, Manager will receive an initial base annual salary of Two Hundred Forty Thousand and no/100 Dollars (\$240,000.00), prorated and paid on City's normal paydays. Commencing on and continuing from the pay period including July 1, 2013, Manager's annual base salary shall be increased to Two Hundred Fifty Four Thousand Six Hundred Three and No/100 Dollars (\$254,603), prorated and paid on the City's normal paydays. Commencing on and continuing from the first pay period after the Council approves Amendment No. Three to this Agreement, Manager's annual base salary shall be increased to Two Hundred Sixty Two Thousand Two Hundred Forty One and No/100 Dollars (\$262,241), prorated and paid on the City's normal paydays.

3.2 Salary Adjustments. ~~Manager shall be entitled to the same percentage~~

increase in his pay as any inflation or similar adjustment that the city Council approves which applies to all Management and Professional Personnel and Council Appointees. Not less than once each year, the City Council shall meet for the express purpose of evaluating the performance of Manager. The Council retains the discretion to grant special labor market and/or internal equity adjustments to the Manager.

SECTION 2: Section 5.4 of the Agreement, Leave Accrual Rate, is hereby amended to read as follows:

Manager's tenure and long career in public service has been considered to determine the accrual rate for annual leave, including but not limited to vacation. As a result, Manager's initial vacation accrual rate will be based on an annual accrual of two hundred (200) hours. Commencing on and continuing from the first pay period after the Council approves Amendment No. Three to this Agreement, Manager's annual vacation accrual shall be increased to two hundred forty (240) hours. Any other accruals that are based on years of service will be applied at the maximum rate. Accruals will begin upon assumption of employment.

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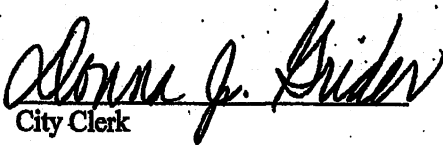
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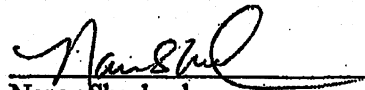
SECTION 3. Except as herein modified, all other provisions of the Contract, including any exhibits and subsequent amendments thereto, shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have by their duly authorized representatives executed this Amendment on the date first above written.

ATTEST:

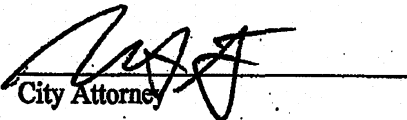

City Clerk

CITY OF PALO ALTO

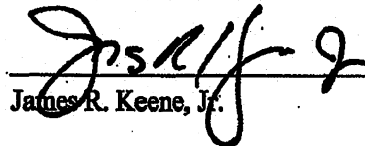

Nancy Shepherd
Mayor

Dated: _____

APPROVED AS TO FORM:


City Attorney

MANAGER


James R. Keene, Jr.

Dated: _____

Attachments:

- Exhibit A: EMPLOYMENT AGREEMENT BETWEEN THE CITY OF PALO ALTO AND JAMES R. KEENE, JR.
Exhibit B: AMENDMENT NO. ONE TO EMPLOYMENT AGREEMENT BETWEEN THE CITY OF PALO ALTO AND JAMES R. KEENE, JR.
Exhibit C: AMENDMENT NO. TWO TO EMPLOYMENT AGREEMENT BETWEEN THE CITY OF PALO ALTO AND JAMES R. KEENE, JR.

Exhibit E

**AMENDMENT NO. FOUR TO EMPLOYMENT AGREEMENT
BETWEEN THE CITY OF PALO ALTO AND
JAMES R. KEENE, JR.**

This Amendment No. FOUR to EMPLOYMENT AGREEMENT BETWEEN THE CITY OF PALO ALTO AND JAMES R. KEENE, JR. ("Agreement") is entered into on December 8, 2014 by and between the CITY OF PALO ALTO, a California chartered municipal corporation ("City"), and JAMES R. KEENE, JR. ("Manager"), an individual, located at 250 Hamilton Avenue 7th Floor, Palo Alto, CA.

RECITALS:

WHEREAS, the original EMPLOYMENT AGREEMENT BETWEEN THE CITY OF PALO ALTO AND JAMES R. KEENE, JR., attached hereto and incorporated herein as Exhibit "A" was entered into between the parties for the services of City Manager on or about August 21, 2008; and

WHEREAS, AMENDMENT NO. ONE to the Agreement, attached hereto and incorporated herein as Exhibit "B" was entered into between the parties on or about August 21, 2008; and

WHEREAS, AMENDMENT NO. TWO to the Agreement, attached hereto and incorporated herein as Exhibit "C" was entered into between the parties on or about August 2, 2010; and

WHEREAS, AMENDMENT NO. THREE to the Agreement, attached hereto and incorporated herein as Exhibit "D" was entered into between the parties on or about March 24, 2014; and

WHEREAS, the parties wish to amend the Agreement;

NOW, THEREFORE, in consideration of the covenants, terms, conditions, and provisions of this Amendment, the parties agree:

SECTION 1: Section 3 of the Agreement, Compensation, is hereby amended to read as follows:

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

3.1 Compensation. ~~Commencing on and continuing from the Employment Start Date, Manager will receive an initial base annual salary of Two Hundred Forty Thousand and no/100 Dollars (\$240,000.00), prorated and paid on City's normal paydays. Commencing on and continuing from the pay period including July 1, 2013, Manager's annual base salary shall be increased to Two Hundred Fifty Four Thousand Six Hundred Three and No/100 Dollars (\$254,603), prorated and paid on the City's normal paydays. Commencing on and continuing from the first pay period after the Council approves Amendment No. Three to this Agreement,~~

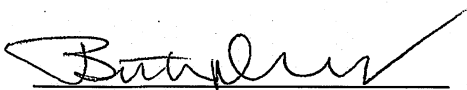
~~Manager's annual base salary shall be increased to Two Hundred Sixty Two Thousand Two Hundred Forty One and No/100 Dollars (\$262,241), prorated and paid on the City's normal paydays. Commencing on and continuing from the pay period including July 1, 2014, Manager's annual base salary shall be increased to Two Hundred Seventy Five Thousand Three Hundred Fifty-Three and No/100 Dollars (\$275,353.00), prorated and paid on the City's normal paydays.~~

SECTION 2. Except as herein modified, all other provisions of the Contract, including any exhibits and subsequent amendments thereto, shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have by their duly authorized representatives executed this Amendment on the date first above written.

ATTEST:

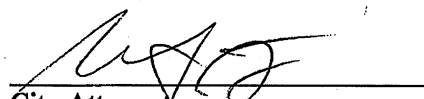
CITY OF PALO ALTO


City Clerk

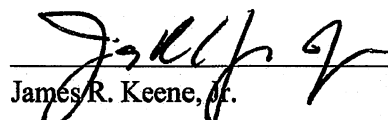
Nancy Shepherd
Mayor

Dated: _____

APPROVED AS TO FORM:


City Attorney

MANAGER


James R. Keene, Jr.

Dated: _____

Attachments:

- Exhibit A: EMPLOYMENT AGREEMENT BETWEEN THE CITY OF PALO ALTO AND JAMES R. KEENE, JR.
- Exhibit B: AMENDMENT NO. ONE TO EMPLOYMENT AGREEMENT BETWEEN THE CITY OF PALO ALTO AND JAMES R. KEENE, JR.
- Exhibit C: AMENDMENT NO. TWO TO EMPLOYMENT AGREEMENT BETWEEN THE CITY OF PALO ALTO AND JAMES R. KEENE, JR.
- Exhibit D: AMENDMENT NO. THREE TO EMPLOYMENT AGREEMENT BETWEEN THE CITY OF PALO ALTO AND JAMES R. KEENE, JR.

EXHIBIT F

**AMENDMENT NO. FIVE TO EMPLOYMENT AGREEMENT
BETWEEN THE CITY OF PALO ALTO AND
JAMES R. KEENE, JR.**

This Amendment No. FIVE to EMPLOYMENT AGREEMENT BETWEEN THE CITY OF PALO ALTO AND JAMES R. KEENE, JR. ("Agreement") is entered into on February 1, 2016, by and between the CITY OF PALO ALTO, a California chartered municipal corporation ("City"), and JAMES R. KEENE, JR. ("Manager"), an individual, located at 250 Hamilton Avenue 7th Floor, Palo Alto, CA.

RECITALS:

WHEREAS, the original EMPLOYMENT AGREEMENT BETWEEN THE CITY OF PALO ALTO AND JAMES R. KEENE, JR., attached hereto and incorporated herein as Exhibit "A" was entered into between the parties for the services of City Manager on or about August 21, 2008; and

WHEREAS, AMENDMENT NO. ONE to the Agreement, attached hereto and incorporated herein as Exhibit "B" was entered into between the parties on or about August 21, 2008; and

WHEREAS, AMENDMENT NO. TWO to the Agreement, attached hereto and incorporated herein as Exhibit "C" was entered into between the parties on or about August 2, 2010; and

WHEREAS, AMENDMENT NO. THREE to the Agreement, attached hereto and incorporated herein as Exhibit "D" was entered into between the parties on or about March 24, 2014; and

WHEREAS, AMENDMENT NO. FOUR to the Agreement, attached hereto and incorporated herein as Exhibit "E" was entered into between the parties on or about December 8, 2014; and

WHEREAS, the parties wish to amend the Agreement;

NOW, THEREFORE, in consideration of the covenants, terms, conditions, and provisions of this Amendment, the parties agree:

SECTION 1: Section 3 of the Agreement, Compensation, is hereby amended to read as follows:

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

3.1 Compensation. Commencing on and continuing from the pay period including July 1, 2015, Manager's annual base salary shall be increased to Two Hundred

Eighty Five Thousand One and No/100 Dollars (\$285,001.00), prorated and paid on the City's normal paydays.

SECTION 2. Except as herein modified, all other provisions of the Contract, including any exhibits and subsequent amendments thereto, shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have by their duly authorized representatives executed this Amendment on the date first above written.

ATTEST:

DocuSigned by:

Beth Minor

46F06602DB71492...

City Clerk

CITY OF PALO ALTO

DocuSigned by:

Pat Burt

0B8A2FFEE6FA473...

Pat Burt

Mayor

3/4/2016

Dated: _____

APPROVED AS TO FORM:

DocuSigned by:

Molly Stump

39A473B653574A9

City Attorney

MANAGER

DocuSigned by:

James R. Keene, Jr.

39E7298FB2064DB...

James R. Keene, Jr.

3/3/2016

Dated: _____

EXHIBIT G

**AMENDMENT NO. SIX TO EMPLOYMENT AGREEMENT
BETWEEN THE CITY OF PALO ALTO AND
JAMES R. KEENE, JR.**

This Amendment No. FIVE to EMPLOYMENT AGREEMENT BETWEEN THE CITY OF PALO ALTO AND JAMES R. KEENE, JR. ("Agreement") is entered into on December 12, 2016 by and between the CITY OF PALO ALTO, a California chartered municipal corporation ("City"), and JAMES R. KEENE, JR. ("Manager"), an individual, located at 250 Hamilton Avenue 7th Floor, Palo Alto, CA.

RECITALS:

WHEREAS, the original EMPLOYMENT AGREEMENT BETWEEN THE CITY OF PALO ALTO AND JAMES R. KEENE, JR., attached hereto and incorporated herein as Exhibit "A" was entered into between the parties for the services of City Manager on or about August 21, 2008; and

WHEREAS, AMENDMENT NO. ONE to the Agreement, attached hereto and incorporated herein as Exhibit "B" was entered into between the parties on or about August 21, 2008; and

WHEREAS, AMENDMENT NO. TWO to the Agreement, attached hereto and incorporated herein as Exhibit "C" was entered into between the parties on or about August 2, 2010; and

WHEREAS, AMENDMENT NO. THREE to the Agreement, attached hereto and incorporated herein as Exhibit "D" was entered into between the parties on or about March 24, 2014; and

WHEREAS, AMENDMENT NO. FOUR to the Agreement, attached hereto and incorporated herein as Exhibit "E" was entered into between the parties on or about December 8, 2014; and

WHEREAS, AMENDMENT NO. FIVE to the Agreement, attached hereto and incorporated herein as Exhibit "E" was entered into between the parties on or about February 1, 2016; and

WHEREAS, the parties wish to amend the Agreement;

NOW, THEREFORE, in consideration of the covenants, terms, conditions, and provisions of this Amendment, the parties agree:

SECTION 1: Section 3 of the Agreement, Compensation, is hereby amended to read as follows:

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

3.1 Compensation. Commencing on and continuing from the pay period including July 1, 2016, Manager's annual base salary shall be increased to Two Hundred Ninety Eight Thousand Five Hundred Forty Two and 40/100 Dollars (\$298,542.40), prorated and paid on the City's normal paydays.

SECTION 2. Except as herein modified, all other provisions of the Contract, including any exhibits and subsequent amendments thereto, shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have by their duly authorized representatives executed this Amendment on the date first above written.

ATTEST:

CITY OF PALO ALTO

DocuSigned by:
Beth Minor
45F95502DB71492...
City Clerk

DocuSigned by:
[Signature]
EDFFE3FE1024BA...
Mayor

Dated: 5/22/2017

APPROVED AS TO FORM:

MANAGER

DocuSigned by:
Molly Stump
39A473B653574A9...
City Attorney

DocuSigned by:
[Signature]
39E7298EB2064DB...
James R. Keene, Jr.

Dated: 5/22/2017

Attachments:

- Exhibit A: EMPLOYMENT AGREEMENT BETWEEN THE CITY OF PALO ALTO AND JAMES R. KEENE, JR.
- Exhibit B: AMENDMENT NO. ONE TO EMPLOYMENT AGREEMENT BETWEEN THE CITY OF PALO ALTO AND JAMES R. KEENE, JR.
- Exhibit C: AMENDMENT NO. TWO TO EMPLOYMENT AGREEMENT BETWEEN THE CITY OF PALO ALTO AND JAMES R. KEENE, JR.
- Exhibit D: AMENDMENT NO. THREE TO EMPLOYMENT AGREEMENT BETWEEN THE CITY OF PALO ALTO AND JAMES R. KEENE, JR.
- Exhibit E: AMENDMENT NO. FOUR TO EMPLOYMENT AGREEMENT BETWEEN THE CITY OF PALO ALTO AND JAMES R. KEENE, JR.
- Exhibit F: AMENDMENT NO. FIVE TO EMPLOYMENT AGREEMENT BETWEEN THE CITY OF PALO ALTO AND JAMES R. KEENE, JR.

**AMENDMENT NO. FIVE TO EMPLOYMENT AGREEMENT
BETWEEN THE CITY OF PALO ALTO AND
MOLLY S. STUMP**

This AMENDMENT NO. FIVE to the EMPLOYMENT AGREEMENT (“Agreement”) is entered into on November 6, 2017 by and between the CITY OF PALO ALTO, a California chartered municipal corporation (“City”), and MOLLY S. STUMP (“Stump”), an individual, located at 250 Hamilton Avenue 8th Floor, Palo Alto, CA.

RECITALS:

WHEREAS, the original EMPLOYMENT AGREEMENT between the City of Palo Alto and Molly S. Stump., attached hereto and incorporated herein as Exhibit “A” was entered into between the parties for the services of City Attorney on or about April 18, 2011; and

WHEREAS, AMENDMENT NO. ONE to the Agreement, attached hereto and incorporated herein as Exhibit “B” was entered into between the parties on or about March 24, 2014; and

WHEREAS, AMENDMENT NO. TWO to the Agreement, attached hereto and incorporated herein as Exhibit “C” was entered into between the parties on or about December 8, 2014.

WHEREAS, AMENDMENT NO. THREE to the Agreement, attached hereto and incorporated herein as Exhibit “D” was entered into between the parties on or about February 1, 2016.

WHEREAS, AMENDMENT NO. FOUR to the Agreement, attached hereto and incorporated herein as Exhibit “E” was entered into between the parties on or about December 12, 2016.

WHEREAS, the parties wish to amend the Agreement;

NOW, THEREFORE, in consideration of the covenants, terms, conditions, and provisions of this Amendment, the parties agree:

SECTION 1: Section 3.1 of the Agreement, Compensation, is hereby amended to read as follows:

Commencing on and continuing from the pay period including July 1, ~~2016~~2017, Stump’s annual base salary shall be increased to Two Hundred ~~Seventy-Eighty Four~~ Thousand ~~Seven Hundred Twelve~~Two Hundred Fifty Three and No/100 Dollars (~~\$270,712.00~~284,253.00), prorated and paid on City’s regular paydays. Stump shall be an exempt employee under applicable wage and hour law and her base salary shall be compensation for all hours worked. City agrees that the amount of Stump’s base annual salary shall not decrease, except as part of a

permanent decrease that is consistent with the Fair Labor Standards Act and that is applicable to either all Council Appointed Officers or all City Executive Staff (which includes all Council Appointed Officers).

SECTION 2. Except as herein modified, all other provisions of the Contract, including any exhibits and subsequent amendments thereto, shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have by their duly authorized representatives executed this Amendment on the date first above written.

ATTEST:

CITY OF PALO ALTO

City Clerk

Mayor

Dated:_____

APPROVED AS TO FORM:

MOLLY S. STUMP

Deputy City Attorney

Dated:_____

Attachments:

- EXHIBIT A: EMPLOYMENT AGREEMENT BETWEEN THE CITY OF PALO ALTO AND MOLLY S. STUMP
- EXHIBIT B: AMENDMENT NO. ONE TO EMPLOYMENT AGREEMENT BETWEEN THE CITY OF PALO ALTO AND MOLLY S. STUMP
- EXHIBIT C: AMENDMENT NO. TWO TO EMPLOYMENT AGREEMENT BETWEEN THE CITY OF PALO ALTO AND MOLLY S. STUMP
- EXHIBIT D: AMENDMENT NO. THREE TO EMPLOYMENT AGREEMENT BETWEEN THE CITY OF PALO ALTO AND MOLLY S. STUMP
- EXHIBIT E: AMENDMENT NO. FOUR TO EMPLOYMENT AGREEMENT BETWEEN THE CITY OF PALO ALTO AND MOLLY S. STUMP

EXHIBIT A

EMPLOYMENT AGREEMENT

THIS AGREEMENT is between the City of Palo Alto, a municipal corporation and chartered city ("City") and Molly S. Stump ("Stump"). 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 employ Stump as its City Attorney subject to the terms and conditions set forth in this Agreement, the Palo Alto Municipal Code and in the Charter of the City of Palo Alto (the "Charter").

B. The Charter provides, among other things, that the City Attorney shall be appointed by, and serve at the pleasure of the City Council.

C. Stump desires to be employed by the City as its City Attorney, subject to the terms and conditions set forth in this Agreement, the Palo Alto Municipal Code, the Charter, the Palo Alto Merit System Rules and Regulations as they are applicable to Council-appointed officers, and all other applicable laws, resolutions and policies.

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

E. The City Attorney serves on an at-will basis, with no expectation of continued employment.

F. Stump desires a predictable amount of severance pay should her employment be terminated with or without cause.

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

1. **Employment.** City will appoint and employ Stump as City Attorney with the City of Palo Alto and Stump will accept the appointment and employment for the City for an indefinite term to begin on April 18, 2011 ("Employment Start Date"). In the event Stump does not actually report for or commence work on April 18, 2011, the Employment Start Date will be the date, if any, as otherwise mutually agreed by the parties.

2. **Duties of the City Attorney.** Stump shall perform the duties established for the City Attorney by the Charter, Palo Alto Municipal Code and direction of the City Council and as otherwise provided by law, ordinance or regulation. Stump agrees to comply with all federal, state and local laws, ordinances, rules and regulations applicable to or associated with these duties.

2.1. **Full Energy and Skill.** Stump shall devote her full energy, skill, ability, and productive time to the performance of her duties under this Agreement.

2.2. No Conflict. Stump 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 her duties under this Agreement. Stump acknowledges that she is subject to the various conflict of interest requirements found in the California Government Code and state and local policies and regulations.

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

3. Compensation. While performing the duties of City Attorney, Stump shall be compensated as provided in this Section 3.

3.1. Compensation. Stump shall receive an initial base annual salary of Two Hundred Eight Thousand Three Hundred Seventy Five and No/100th Dollars (\$208,375.00) commencing on the Employment Start Date, subject to authorized or required deductions, prorated and paid on City's regular paydays. Stump shall be an exempt employee under applicable wage and hour law and her base salary shall be compensation for all hours worked. City agrees that the amount of Stump's base annual salary shall not decrease, except as part of a permanent decrease that is consistent with the Fair Labor Standards Act and that is applicable to either all Council Appointed Officers or all City Executive Staff (which includes all Council Appointed Officers).

3.2. Performance Reviews and Salary Adjustments.

3.2.1. Initial Performance Reviews. The City Council will meet with Stump within approximately 90 days of reporting to work to provide an initial performance review. The 90-day review will be followed by a mid-year review.

3.2.2. Standard Annual Reviews. Not less than once each year commencing on or after the first anniversary of reporting to work, the City Council shall meet with Stump for the express purpose of evaluating her performance as City Attorney.

3.2.3. Salary Adjustments. Stump shall receive the same general cost of living adjustment ("COLA"), if any, provided to Management and Professional Personnel without the need to amend this Agreement. In its sole discretion and where warranted, the City Council may award labor market or internal adjustments to base salary. In connection with the standard annual review, as provided above, the City Council shall annually consider incentive pay based on performance, but the ultimate decision in this regard is within the sole discretion of the City Council.

4. Regular Benefits and Allowances. Except as otherwise provided in this Agreement, Stump will be eligible for, and shall receive, all regular benefits (i.e., health insurance, PERS contribution paid by City, etc.) and vacation, sick leave, and management leave as are generally provided to management employees pursuant to the City Council-approved

Compensation Plan for Management and Professional Personnel and Council Appointees, as it currently exists and may be changed from time to time.

5. Additional Benefit Terms and Allowances. In addition to the benefit terms specified in section 4, the following additional benefit terms and allowances shall apply to Stump:

5.1. Standard New-Tier Pension. Stump shall be enrolled in and shall be a member of the California Public Employees' Retirement System ("PERS"), with benefits as provided under the City's contract with PERS, including the 2% @ 60 miscellaneous formula applicable to new employees. Employee contributions shall be paid as provided in the Compensation Plan for Management and Professional Personnel and Council Appointees, as it currently exists and may be changed from time to time.

5.2. 401(a) Defined Contribution Retirement Plan. The City shall pay \$1,250 per month to a 401(a) retirement plan account established for Stump. Stump may make additional contributions to the legal maximum.

5.3. 457 Retirement Plan. Stump shall be eligible, at her discretion, to make voluntary contributions to the City's 457 plan, to the maximum extent allowed under the plan documents or by law.

5.4. Standard Auto Allowance and Parking. Stump shall receive the standard automobile allowance provided in the Compensation Plan for Management and Professional Personnel and Council Appointees, as it currently exists and may be changed from time to time. Such allowance is currently \$325.00 per month. The City will provide parking at the Civic Center without charge to Stump.

5.5. Vacation Leave upon Start of Employment. In recognition of her prior public service, Stump will be credited with vacation leave at a rate of 180 hours annually, prorated and credited according to City's normal procedures. Effective at the start of Stump's second year of service and thereafter, Stump will be credited with vacation leave at the rate applicable to an employee with nineteen or more years of continuous service, currently a rate of 200 hours per year, prorated and credited according to City's normal procedures. On the Employment Start Date, Stump will be credited with 80 hours of vacation leave, in addition to the accruals noted in this paragraph.

5.6. Sick Leave upon Start of Employment. On the Employment Start Date, Stump will be credited with 96 hours of sick leave, in addition to the standard accruals provided in the Compensation Plan for Management and Professional Personnel and Council Appointees, as it currently exists and may be changed from time to time.

6. Additional Expenses of Employment. City shall pay or reimburse (at City's option) for the following usual and customary employment expenses:

6.1. The cost of any fidelity or other bonds required by law for Stump.

6.2. The cost of mandatory dues for the State Bar of California.

6.3 Professional Development Reimbursement as provided under the Compensation Plan for Management and Professional Personnel and Council Appointees, as it currently exists and may be changed from time to time. Stump shall be provided with the greater of the standard annual benefit or the reasonable expense necessary to attend not less than 2 (two) League of California Cities City Attorney Conferences per year.

7. Duration of Employment. Stump understands and agrees that she has no constitutionally protected property interest in her employment as City Attorney. She waives any and all rights, if any, under the Merit System Rules and Regulations, including without limitation, the right to pre- or post-disciplinary due process. She understands and agrees that she works at the will and pleasure of the City Council and that she may be terminated, or asked to resign, at any time, with or without cause. Stump may terminate this Agreement (terminating all employment) upon 30 days written notice to the City Council.

7.1. Severance Pay. If Stump is asked to resign or is terminated as City Attorney, she shall receive a cash severance payment or payments (without interest) at intervals specified by Stump, equaling six (6) months salary and benefits calculated at the date of termination. The six (6) month severance benefit will increase by one month for each completed year of service, to a maximum of nine (9) months. (By way of example, after one year of service, the severance benefit will be seven [7] months, after two years it will be eight [8] months and after three years or more it will be nine [9] months.)

7.2. Non-Payment of Severance under Certain Conditions. If the termination of Stump is the result of conviction of a felony, she shall not be paid any severance pay.

8. Indemnification. The City will defend and pay any costs and judgments assessed against Employee arising out of an act or omission by Employee occurring in the course and scope of Employee's performance of her duties under this Agreement in accordance with the provisions of Government Code Sections 825, 995, and 995.2 through 995.8.

9. Miscellaneous.

9.1. Notices. Notices given under this Agreement shall be in writing and shall be either: a) served personally; or b) sent by facsimile (provided a hard copy is mailed within one (1) business day); or c) delivered by first-class United States mail, certified, with postage prepaid and a return receipt requested; or d) sent by Federal Express, or some equivalent private mail delivery service. Notices shall be deemed received at the earlier of actual receipt or three (3) days following deposit in the United States mail, postage prepaid. Notices shall be directed to the addresses shown below, provided that a party may change such party's address for notice by giving written notice to the other party in accordance with this subsection.

CITY:

Attn: Mayor
City of Palo Alto

250 Hamilton Avenue
Palo Alto, CA 95901
Phone: (650) 329-2571
FAX: (650) 328-3631

STUMP:

Molly S. Stump
250 Hamilton Avenue
Palo Alto, CA 94301
Phone: (650) 329-2171
FAX: (650) 329-2646

9.2. 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, and attached hereto.

9.3. Applicable Law and 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 Santa Clara County.

9.4. 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.

9.5. 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.

9.6. Representation by Counsel. Stump 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.

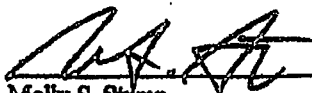
9.7. Section Headings. The headings on each of the sections and subsections of this Agreement are for the convenience of the parties only and do not limit or expand the contents of any such section or subsection.

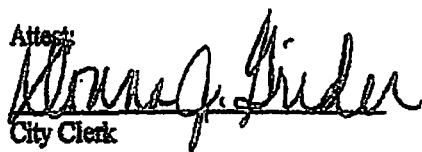
Dated: 4-18-2011

CITY OF PALO ALTO

By 
Sergio Alvarado,
Mayor

Dated: 3/17/11


Molly S. Stump

Attest:

City Clerk

Approved as to Form:

By: 
Donald A. Larkin

EXHIBIT B

AMENDMENT NO. ONE TO EMPLOYMENT AGREEMENT
BETWEEN THE CITY OF PALO ALTO AND
MOLLY S. STUMP

This AMENDMENT NO. ONE to the EMPLOYMENT AGREEMENT ("Agreement") is entered into on March 25, 2014, by and between the CITY OF PALO ALTO, a California chartered municipal corporation ("City"), and MOLLY S. STUMP ("Stump"), an individual, located at 250 Hamilton Avenue 8th Floor, Palo Alto, CA.

RECITALS:

WHEREAS, the original EMPLOYMENT AGREEMENT between the City of Palo Alto and Molly S. Stump, attached hereto and incorporated herein as Exhibit "A" was entered into between the parties for the services of City Attorney on or about April 18, 2011; and

WHEREAS, the parties wish to amend the Agreement;

NOW, THEREFORE, in consideration of the covenants, terms, conditions, and provisions of this Amendment, the parties agree:

SECTION 1: Section 3.1 of the Agreement, Compensation, is hereby amended to read as follows:

Stump shall receive an initial base annual salary of Two Hundred Eight Thousand Three Hundred Seventy Five and No/100th Dollars (\$208,375.00) commencing on the Employment Start Date, subject to authorized or required deductions, prorated and paid on City's regular paydays. Commencing on and continuing from the pay period including July 1, 2013, Stump's annual base salary shall be increased to Two Hundred Thirty Four Thousand Nine Hundred Thirty Six and No/100 Dollars (\$234,936.00), prorated and paid on City's regular paydays. Stump shall be an exempt employee under applicable wage and hour law and her base salary shall be compensation for all hours worked. City agrees that the amount of Stump's base annual salary shall not decrease, except as part of a permanent decrease that is consistent with the Fair Labor Standards Act and that is applicable to either all Council Appointed Officers or all City Executive Staff (which includes all Council Appointed Officers).

SECTION 2: Section 3.2.3 of the Agreement, Salary Adjustments, is hereby amended to read as follows:

~~Stump shall receive the same general cost of living adjustment ("COLA"), if any, provided to Management and Professional Personnel without the need to amend this Agreement.~~ In its sole discretion and where warranted, the City Council may award labor market or internal adjustments to base salary. In connection with the standard annual review, as provided above, the City Council shall annually consider incentive pay based on performance, but the ultimate decision in this

regard is within the sole discretion of the City Council.

SECTION 3. Except as herein modified, all other provisions of the Contract, including any exhibits and subsequent amendments thereto, shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have by their duly authorized representatives executed this Amendment on the date first above written.

ATTEST:

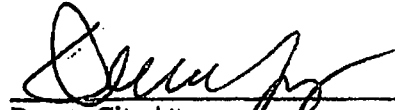
CITY OF PALO ALTO


City Clerk

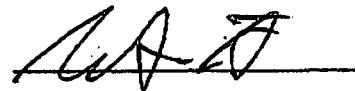

Nancy Shepherd
Mayor

Dated: 3/25/14

APPROVED AS TO FORM:


Deputy City Attorney

MOLLY S. STUMP



Dated: 3/25/14

Attachments:

Exhibit A: EMPLOYMENT AGREEMENT between the City of Palo Alto and Molly S. Stump

EXHIBIT C

AMENDMENT NO. TWO TO EMPLOYMENT AGREEMENT
BETWEEN THE CITY OF PALO ALTO AND
MOLLY S. STUMP

This AMENDMENT NO. TWO to the EMPLOYMENT AGREEMENT ("Agreement") is entered into on December 8, 2014, by and between the CITY OF PALO ALTO, a California chartered municipal corporation ("City"), and MOLLY S. STUMP ("Stump"), an individual, located at 250 Hamilton Avenue 8th Floor, Palo Alto, CA.

RECITALS:

WHEREAS, the original EMPLOYMENT AGREEMENT between the City of Palo Alto and Molly S. Stump., attached hereto and incorporated herein as Exhibit "A" was entered into between the parties for the services of City Attorney on or about April 18, 2011; and

WHEREAS, AMENDMENT NO. ONE to the Agreement, attached hereto and incorporated herein as Exhibit "B" was entered into between the parties on or about March 24, 2014; and

WHEREAS, the parties wish to amend the Agreement;

NOW, THEREFORE, in consideration of the covenants, terms, conditions, and provisions of this Amendment, the parties agree:

SECTION 1: Section 3.1 of the Agreement, Compensation, is hereby amended to read as follows:

~~Stump shall receive an initial base annual salary of Two Hundred Eight Thousand Three Hundred Seventy Five and No/100th Dollars (\$208,375.00) commencing on the Employment Start Date, subject to authorized or required deductions, prorated and paid on City's regular paydays. Commencing on and continuing from the pay period including July 1, 2013, Stump's annual base salary shall be increased to Two Hundred Thirty Four Thousand Nine Hundred Thirty Six and No/100 Dollars (\$234,936.00), prorated and paid on City's regular paydays. Commencing on and continuing from the pay period including July 1, 2014, Stump's annual base salary shall be increased to Two Hundred Forty Six Thousand Six Hundred Eighty Two and No/100 Dollars (\$246,688.00), prorated and paid on City's regular paydays.~~ Stump shall be an exempt employee under applicable wage and hour law and her base salary shall be compensation for all hours worked. City agrees that the amount of Stump's base annual salary shall not decrease, except as part of a permanent decrease that is consistent with the Fair Labor Standards Act and that is applicable to either all Council Appointed Officers or all City Executive Staff (which includes all Council Appointed Officers).

SECTION 2. Except as herein modified, all other provisions of the Contract, including any exhibits and subsequent amendments thereto, shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have by their duly authorized representatives executed this Amendment on the date first above written.

ATTEST:

CITY OF PALO ALTO



City Clerk

Nancy Shepherd
Mayor

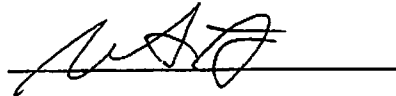
Dated: _____

APPROVED AS TO FORM:



Deputy City Attorney

MOLLY S. STUMP



Dated: 4/16/15

Attachments:

- Exhibit A: EMPLOYMENT AGREEMENT between the City of Palo Alto and Molly S. Stump
- Exhibit B: AMENDMENT NO. ONE TO EMPLOYMENT AGREEMENT BETWEEN THE CITY OF PALO ALTO AND MOLLY S. STUMP

EXHIBIT D

**AMENDMENT NO. THREE TO EMPLOYMENT AGREEMENT
BETWEEN THE CITY OF PALO ALTO AND
MOLLY S. STUMP**

This AMENDMENT NO. THREE to the EMPLOYMENT AGREEMENT ("Agreement") is entered into on February 1, 2016, by and between the CITY OF PALO ALTO, a California chartered municipal corporation ("City"), and MOLLY S. STUMP ("Stump"), an individual, located at 250 Hamilton Avenue 8th Floor, Palo Alto, CA.

RECITALS:

WHEREAS, the original EMPLOYMENT AGREEMENT between the City of Palo Alto and Molly S. Stump., attached hereto and incorporated herein as Exhibit "A" was entered into between the parties for the services of City Attorney on or about April 18, 2011; and

WHEREAS, AMENDMENT NO. ONE to the Agreement, attached hereto and incorporated herein as Exhibit "B" was entered into between the parties on or about March 24, 2014; and

WHEREAS, AMENDMENT NO. TWO to the Agreement, attached hereto and incorporated herein as Exhibit "C" was entered into between the parties on or about December 8, 2014.

WHEREAS, the parties wish to amend the Agreement;

NOW, THEREFORE, in consideration of the covenants, terms, conditions, and provisions of this Amendment, the parties agree:

SECTION 1: Section 3.1 of the Agreement, Compensation, is hereby amended to read as follows:

Commencing on and continuing from the pay period including July 1, 2015, Stump's annual base salary shall be increased to Two Hundred Fifty Eight Thousand Four Hundred Nineteen and No/100 Dollars 258,419.00), prorated and paid on City's regular paydays. Stump shall be an exempt employee under applicable wage and hour law and her base salary shall be compensation for all hours worked. City agrees that the amount of Stump's base annual salary shall not decrease, except as part of a permanent decrease that is consistent with the Fair Labor Standards Act and that is applicable to either all Council Appointed Officers or all City Executive Staff (which includes all Council Appointed Officers).

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SECTION 2. Except as herein modified, all other provisions of the Contract, including any exhibits and subsequent amendments thereto, shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have by their duly authorized representatives executed this Amendment on the date first above written.

ATTEST:

CITY OF PALO ALTO

DocuSigned by:
Beth Minor
15F05502D971402
City Clerk

DocuSigned by:
Patrick Burt
090A0FEE6FA70
Patrick Burt

Dated: 3/2/2016

APPROVED AS TO FORM:

DocuSigned by:
Albert Yang
15B0C13201340C
Deputy City Attorney

MOLLY S. STUMP

DocuSigned by:
Molly Stump
09A4728650674A9

Dated: 3/2/2016

EXHIBIT E

**AMENDMENT NO. FOUR TO EMPLOYMENT AGREEMENT
BETWEEN THE CITY OF PALO ALTO AND
MOLLY S. STUMP**

This AMENDMENT NO. FOUR to the EMPLOYMENT AGREEMENT ("Agreement") is entered into on December 12, 2016, by and between the CITY OF PALO ALTO, a California chartered municipal corporation ("City"), and MOLLY S. STUMP ("Stump"), an individual, located at 250 Hamilton Avenue 8th Floor, Palo Alto, CA.

RECITALS:

WHEREAS, the original EMPLOYMENT AGREEMENT between the City of Palo Alto and Molly S. Stump., attached hereto and incorporated herein as Exhibit "A" was entered into between the parties for the services of City Attorney on or about April 18, 2011; and

WHEREAS, AMENDMENT NO. ONE to the Agreement, attached hereto and incorporated herein as Exhibit "B" was entered into between the parties on or about March 24, 2014; and

WHEREAS, AMENDMENT NO. TWO to the Agreement, attached hereto and incorporated herein as Exhibit "C" was entered into between the parties on or about December 8, 2014.

WHEREAS, AMENDMENT NO. THREE to the Agreement, attached hereto and incorporated herein as Exhibit "D" was entered into between the parties on or about February 1, 2016.

WHEREAS, the parties wish to amend the Agreement;

NOW, THEREFORE, in consideration of the covenants, terms, conditions, and provisions of this Amendment, the parties agree:

SECTION 1: Section 3.1 of the Agreement, Compensation, is hereby amended to read as follows:

Commencing on and continuing from the pay period including July 1, 2016, Stump's annual base salary shall be increased to Two Hundred Seventy Thousand Seven Hundred Twelve and No/100 Dollars (\$270,712.00), prorated and paid on City's regular paydays. Stump shall be an exempt employee under applicable wage and hour law and her base salary shall be compensation for all hours worked. City agrees that the amount of Stump's base annual salary shall not decrease, except as part of a permanent decrease that is consistent with the Fair Labor Standards Act and that is applicable to either all Council Appointed Officers or all City Executive Staff (which includes all Council Appointed Officers).

SECTION 2. Except as herein modified, all other provisions of the Contract, including any exhibits and subsequent amendments thereto, shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have by their duly authorized representatives executed this Amendment on the date first above written.

ATTEST:

CITY OF PALO ALTO

DocuSigned by:
Beth Minor

City Clerk 45F95502DB71492...

DocuSigned by:
[Signature]

Mayor EDFFFE3FE1024BA...

Dated: 5/24/2017

APPROVED AS TO FORM:

DocuSigned by:
Terence Howzell

Principal City Attorney 9500B88F06454FD...

MOLLY S. STUMP

DocuSigned by:
Molly Stump

39A473B653574A9...

Dated: 5/24/2017

Attachments:

- EXHIBIT A: EMPLOYMENT AGREEMENT BETWEEN THE CITY OF PALO ALTO AND MOLLY S. STUMP
- EXHIBIT B: AMENDMENT NO. ONE TO EMPLOYMENT AGREEMENT BETWEEN THE CITY OF PALO ALTO AND MOLLY S. STUMP
- EXHIBIT C: AMENDMENT NO. TWO TO EMPLOYMENT AGREEMENT BETWEEN THE CITY OF PALO ALTO AND MOLLY S. STUMP
- EXHIBIT D: AMENDMENT NO. THREE TO EMPLOYMENT AGREEMENT BETWEEN THE CITY OF PALO ALTO AND MOLLY S. STUMP

**AMENDMENT NO. THREE TO EMPLOYMENT AGREEMENT
BETWEEN THE CITY OF PALO ALTO AND
HARRIET RICHARDSON**

This AMENDMENT NO. THREE to the EMPLOYMENT AGREEMENT (“Agreement”) is entered into on November 6, 2017, by and between the CITY OF PALO ALTO, a California chartered municipal corporation (“City”), and HARRIET RICHARDSON (“Richardson”), an individual, located at 250 Hamilton Avenue, 8th Floor, Palo Alto, CA.

RECITALS:

WHEREAS, the original EMPLOYMENT AGREEMENT between the City of Palo Alto and Harriet Richardson, attached hereto and incorporated herein as Exhibit “A” was entered into between the parties for the services of City Auditor on or about April 4, 2014; and

WHEREAS, AMENDMENT NO. ONE to the Agreement, attached hereto and incorporated herein as Exhibit “B” was entered into between the parties on or about February 1, 2016; and

WHEREAS, AMENDMENT NO. TWO to the Agreement, attached hereto and incorporated herein as Exhibit “C” was entered into between the parties on or about December 12, 2016; and

WHEREAS, the parties wish to amend the Agreement.

NOW, THEREFORE, in consideration of the covenants, terms, conditions, and provisions of this Amendment, the parties agree:

SECTION 1: Section 3.1 of the Agreement, Compensation, is hereby amended to read as follows:

Commencing on and continuing from the pay period including July 1, ~~2016~~2017, Richardson’s annual base salary shall be increased to ~~One Hundred Eighty Thousand Three Hundred Fifteen and 20/100~~One Hundred Eighty Seven Thousand Five Hundred Thirty Three and No/100 Dollars (~~\$180,315.20~~187,533.00), prorated and paid on City’s regular paydays. This amount is subject to authorized or required deductions and withholding, prorated and paid on City’s regular paydays. Richardson is an exempt employee under applicable wage and hour law and her base salary shall be compensation for all hours worked. The City agrees that the amount of Richardson’s base annual salary will not decrease, except as part of a permanent decrease that is consistent with the Fair Labor Standards Act and that is applicable to either all Council Appointed Officers or all City Executive Staff (including Council Appointed Officers).

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SECTION 2. Except as herein modified, all other provisions of the Contract, including any exhibits and subsequent amendments thereto, shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have by their duly authorized representatives executed this Amendment on the date first above written.

ATTEST:

CITY OF PALO ALTO

City Clerk

Mayor

Dated:_____

APPROVED AS TO FORM:

HARRIET RICHARDSON

City Attorney

Dated:_____

Attachments:

EXHIBIT A: EMPLOYMENT AGREEMENT BETWEEN THE CITY OF PALO ALTO
AND HARRIET RICHARDSON
EXHIBIT B: AMENDMENT NO. ONE TO EMPLOYMENT AGREEMENT
BETWEEN THE CITY OF PALO ALTO AND HARRIET RICHARDSON
EXHIBIT C: AMENDMENT NO. TWO TO EMPLOYMENT AGREEMENT
BETWEEN THE CITY OF PALO ALTO AND HARRIET RICHARDSON

Exhibit A

**EMPLOYMENT AGREEMENT
BETWEEN CITY OF PALO ALTO
AND
HARRIET RICHARDSON**

THIS AGREEMENT is between the City of Palo Alto, a municipal corporation and chartered city ("City") and Harriet Richardson ("Richardson"). 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:

A. City, acting by and through its City Council, wishes to employ Richardson as its City Auditor, subject to the terms and conditions set forth in this Agreement, the Palo Alto Municipal Code and the Charter of the City of Palo Alto (the "Charter").

B. Under the Charter, the City Auditor is appointed by and serves at the pleasure of the City Council. Notwithstanding any provision of the City of Palo Alto Merit System Rules and Regulations, the City Auditor serves on an at-will basis, with no expectation of continued employment, and with no right to pre-or post-separation due process or appeal.

C. Richardson desires to be employed by the City as its City Auditor, subject to the terms and conditions in this Agreement, the Palo Alto Municipal Code, the Charter, the Palo Alto Merit System Rules and Regulations as they are applicable to Council-appointed officers, and all other applicable laws, resolutions, and policies.

D. The City and Richardson wish to establish specific terms and conditions relating to compensation and benefits, performance evaluations, and related matters.

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

1. Employment. The City appoints Richardson as its City Auditor for an indefinite term to begin on April 15, 2014. If Richardson does not actually report for or start work on April 15, 2014, the employment start date will be the date, if any, that is mutually agreed by the parties.

2. Duties of the City Auditor. Richardson will perform the duties established for the City Auditor by the Charter, the Palo Alto Municipal Code, direction given by the City Council, and as otherwise provided by law, ordinance, or regulation. Richardson agrees to comply with all federal, state and local laws, ordinances, rules and regulations applicable to or associated with these duties.

2.1. Full Energy and Skill. Richardson will devote her full energy, skill, ability, and productive time to the performance of her duties.

2.2. No Conflict. Richardson will not engage in any employment, activity, consulting service, or other enterprise, for compensation or otherwise, which is actually or potentially in conflict with or which interferes with the performance of her duties. Richardson acknowledges that she is subject to the various conflict of interest requirements found in the California Government Code and state and local policies and regulations.

2.3 Permission Required For Outside Activities. Richardson will not engage in any employment, activity, consulting service, or other enterprise, for compensation or not, without written permission of the City Council.

3. Compensation. While performing the duties of City Auditor, Richardson will be compensated as provided in this Section 3.

3.1. Compensation. Richardson will receive an initial gross base annual salary of One Hundred Sixty Seven Thousand Five Hundred Dollars (\$167,500.00), beginning on the Employment Start Date. This amount is subject to authorized or required deductions and withholding, prorated and paid on City's regular paydays. Richardson is an exempt employee under applicable wage and hour law and her base salary shall be compensation for all hours worked. The City agrees that the amount of Richardson's base annual salary will not decrease, except as part of a permanent decrease that is consistent with the Fair Labor Standards Act and that is applicable to either all Council Appointed Officers or all City Executive Staff (including Council Appointed Officers).

3.2. Salary Adjustments. Not less than once each year, the City Council will meet with Richardson for the purpose of evaluating her performance. The City Council will act in good faith in determining whether to increase the salary of Richardson, but the ultimate decision in this regard is within the sole discretion of the City Council.

4. Benefits and Allowances. Richardson will be eligible for, and shall receive, all regular benefits (i.e., health insurance, PERS contributions to the extent paid by the City, etc.) and vacation, sick leave, and management leave, as are generally provided to management employees under the City Council-approved Compensation Plan for Management and Professional Personnel and Council Appointees, as it currently exists and may be changed from time to time.

5. Additional Benefits and Allowances. In addition to the benefits specified in section 4, Richardson will receive the following additional benefits and allowances:

5.1. Parking. The City will provide parking at the Civic Center at no cost to Richardson.

5.2. Deferred Compensation. The City will pay a total of Five Hundred Dollars (\$500.00) per month into an Internal Revenue Code section 457 deferred compensation plan or an Internal Revenue Code section 401(a) defined contribution plan established for Richardson. Richardson will specify how the payment is to be divided between the two plans. The City shall take all actions necessary to establish the section 401(a) plan with ICMA-

Retirement Corporation, or other mutually acceptable trustee, for the benefit of Richardson, including any administrative or setup fees.

5.3. Vacation Accrual. Notwithstanding the Management and Professional Personnel and Council Appointees Compensation Plan and based on service with prior public agency employers, Richardson's vacation accrual rate will be calculated at the rate of one hundred and sixty (160) hours annually, prorated and credited each pay period. The maximum vacation leave balance allowed for Richardson is four hundred and eighty (480) hours.

5.5. Sick Leave Accrual. Richardson will accrue sick leave at a rate of 3.7 hours per bi-weekly pay period based on a forty-hour per designated workweek schedule. Richardson may, if necessary, use up to forty-eight hours of sick leave at any time during the first six months of employment. Use of sick leave shall be subject to the policies and procedures set forth in the Merit System Rules and Regulations.

5.6. Relocation and Temporary Housing Expenses. The City will provide Richardson with a total amount not to exceed five thousand dollars (\$5,000) for relocation and temporary housing expenses, paid on a reimbursement basis for actual costs incurred. The City shall reimburse Richardson for relocation expenses actually incurred as described in Section B ("Basic Package") and C ("Optional Package") of the City's Relocation Expense Policy (Policy & Procedure 2-08).

6. Additional Expenses of Employment. The City shall pay the cost of any fidelity or other bonds required by law for the City Auditor.

7. Duration of Employment. Richardson understands and agrees that she has no constitutionally protected property or other interest in her employment as City Auditor. Richardson waives any and all rights, if any, under the Merit System Rules and Regulations, including without limitation, the right to pre-or post-disciplinary due process. Richardson understands and agrees that she works at the will and pleasure of the City Council and that she may be terminated or asked to resign at any time, with or without cause. Richardson may terminate this agreement (terminating all employment) upon 30 days written notice to the City Council.

7.1. Severance Pay. If Richardson is asked to resign or is terminated as City Auditor she shall receive a cash severance payment or payments (without interest) at intervals specified by Richardson, equaling three (3) months salary and benefits at the date of termination. The monthly non-salary benefits shall be those specified in sections 4 and 5. 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 City terminates Richardson for conduct that would otherwise constitute a felony, regardless of whether Richardson is actually convicted on a felony charge, the City shall not owe and Richardson shall not receive any severance pay.

8. Miscellaneous.

8.1. Notices. Notices given under this Agreement shall be in writing and shall be either: a) served personally; or b) sent by facsimile (provided a hard copy is mailed within one (1) business day); or c) delivered by first-class United States mail, certified, with postage prepaid and a return receipt requested; or d) sent by Federal Express, or some equivalent private mail delivery service. Notices shall be deemed received at the earlier of actual receipt or three (3) days following deposit in the United States mail, postage prepaid. Notices shall be directed to the addresses shown below, provided that a party may change such party's address for notice by giving written notice to the other party in accordance with this subsection.

CITY: Attn: Mayor
City of Palo Alto
250 Hamilton Avenue
Palo Alto, CA 94301
Phone: (650) 329-2226
Fax: (650) 328-3631

RICHARDSON: Harriet Richardson
250 Hamilton Avenue
Palo Alto, CA 94301

8.2. 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 and attached hereto.

8.3. Applicable Law and 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 Santa Clara 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.

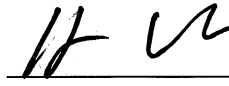
8.5. Waiver. Any failure of a party to insist upon strict compliance with any term, undertaking, or condition of this Agreement shall not be deemed to be a waiver of such term, undertaking, or condition. To be effective, a waiver must be in writing, signed and dated by the parties.

8.6. Representation by Counsel. Richardson and the 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.

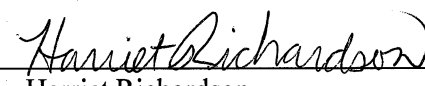
Dated: 7/21/14

CITY OF PALO ALTO

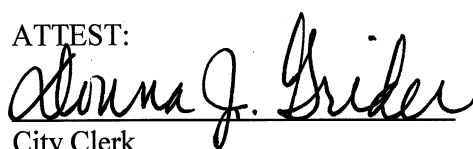
By 
For Nancy Shepherd, Mayor

Dated: 4/4/14

RICHARDSON


Harriet Richardson

ATTEST:


City Clerk

APPROVED AS TO FORM:

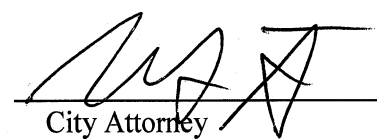
By: 
City Attorney

EXHIBIT B

**AMENDMENT NO. ONE TO EMPLOYMENT AGREEMENT
BETWEEN THE CITY OF PALO ALTO AND
HARRIET RICHARDSON**

This AMENDMENT NO. ONE to the EMPLOYMENT AGREEMENT (“Agreement”) is entered into on February 1, 2016, by and between the CITY OF PALO ALTO, a California chartered municipal corporation (“City”), and HARRIET RICHARDSON (“Richardson”), an individual, located at 250 Hamilton Avenue, 8th Floor, Palo Alto, CA.

RECITALS:

WHEREAS, the original EMPLOYMENT AGREEMENT between the City of Palo Alto and Harriet Richardson, attached hereto and incorporated herein as Exhibit “A” was entered into between the parties for the services of City Auditor on or about April 4, 2014; and

WHEREAS, the parties wish to amend the Agreement.

NOW, THEREFORE, in consideration of the covenants, terms, conditions, and provisions of this Amendment, the parties agree:

SECTION 1: Section 3.1 of the Agreement, Compensation, is hereby amended to read as follows:

Commencing on and continuing from the pay period including July 1, 2015, Richardson’s annual base salary shall be increased to One Hundred Seventy Three Thousand Three Hundred Sixty Eight and No/100 Dollars (\$173,368.00), prorated and paid on City’s regular paydays. This amount is subject to authorized or required deductions and withholding, prorated and paid on City’s regular paydays. Richardson is an exempt employee under applicable wage and hour law and her base salary shall be compensation for all hours worked. The City agrees that the amount of Richardson’s base annual salary will not decrease, except as part of a permanent decrease that is consistent with the Fair Labor Standards Act and that is applicable to either all Council Appointed Officers or all City Executive Staff (including Council Appointed Officers).

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SECTION 2. Except as herein modified, all other provisions of the Contract, including any exhibits and subsequent amendments thereto, shall remain in full force and effect.

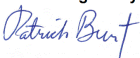
IN WITNESS WHEREOF, the parties have by their duly authorized representatives executed this Amendment on the date first above written.

ATTEST:

DocuSigned by:

45E95502DB71492...
City Clerk

CITY OF PALO ALTO

DocuSigned by:

0B8A2FFEE5FA473...
Patrick Burt

Dated: 3/2/2016

APPROVED AS TO FORM:

DocuSigned by:

39A473B653574A9...
City Attorney

HARRIET RICHARDSON

DocuSigned by:

GEF23E22559442G...

Dated: 3/2/2016

EXHIBIT C

**AMENDMENT NO. TWO TO EMPLOYMENT AGREEMENT
BETWEEN THE CITY OF PALO ALTO AND
HARRIET RICHARDSON**

This AMENDMENT NO. TWO to the EMPLOYMENT AGREEMENT (“Agreement”) is entered into on 12/12/2016, by and between the CITY OF PALO ALTO, a California chartered municipal corporation (“City”), and HARRIET RICHARDSON (“Richardson”), an individual, located at 250 Hamilton Avenue, 8th Floor, Palo Alto, CA.

RECITALS:

WHEREAS, the original EMPLOYMENT AGREEMENT between the City of Palo Alto and Harriet Richardson, attached hereto and incorporated herein as Exhibit “A” was entered into between the parties for the services of City Auditor on or about April 4, 2014; and

WHEREAS, AMENDMENT NO. ONE to the Agreement, attached hereto and incorporated herein as Exhibit “B” was entered into between the parties on or about 02/01/2016; and

WHEREAS, the parties wish to amend the Agreement.

NOW, THEREFORE, in consideration of the covenants, terms, conditions, and provisions of this Amendment, the parties agree:

SECTION 1: Section 3.1 of the Agreement, Compensation, is hereby amended to read as follows:

Commencing on and continuing from the pay period including July 1, 2016, Richardson’s annual base salary shall be increased to One Hundred Eighty Thousand Three Hundred Fifteen and 20/100 Dollars (\$180,315.20), prorated and paid on City’s regular paydays. This amount is subject to authorized or required deductions and withholding, prorated and paid on City’s regular paydays. Richardson is an exempt employee under applicable wage and hour law and her base salary shall be compensation for all hours worked. The City agrees that the amount of Richardson’s base annual salary will not decrease, except as part of a permanent decrease that is consistent with the Fair Labor Standards Act and that is applicable to either all Council Appointed Officers or all City Executive Staff (including Council Appointed Officers).

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SECTION 2. Except as herein modified, all other provisions of the Contract, including any exhibits and subsequent amendments thereto, shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have by their duly authorized representatives executed this Amendment on the date first above written.

ATTEST:

CITY OF PALO ALTO

DocuSigned by:
Beth Minor
City Clerk 45F95502DB71492...

DocuSigned by:
H.G.S.
Mayor EDFFFE3FE1024BA...

Dated: 6/7/2017

APPROVED AS TO FORM:

DocuSigned by:
Molly Stump
City Attorney 99A473B653574A9...

HARRIET RICHARDSON

DocuSigned by:
Harriet Richardson
CEF23E22559442C...

Dated: 5/31/2017

Attachments:

EXHIBIT A: EMPLOYMENT AGREEMENT BETWEEN THE CITY OF PALO ALTO
AND HARRIET RICHARDSON
EXHIBIT B: AMENDMENT NO. ONE TO EMPLOYMENT AGREEMENT
BETWEEN THE CITY OF PALO ALTO AND HARRIET RICHARDSON

**AMENDMENT NO. THREE TO EMPLOYMENT AGREEMENT
BETWEEN THE CITY OF PALO ALTO AND
BETH MINOR**

This AMENDMENT NO. THREE to the EMPLOYMENT AGREEMENT (“Agreement”) is entered into on November 6, 2017, by and between the CITY OF PALO ALTO, a California chartered municipal corporation (“City”), and BETH MINOR (“Minor”), an individual, located at 250 Hamilton Avenue 8th Floor, Palo Alto, CA.

RECITALS:

WHEREAS, the original EMPLOYMENT AGREEMENT between the City of Palo Alto and Beth Minor, attached hereto and incorporated herein as Exhibit “A” was entered into between the parties for the services of City Clerk on or about June 9, 2015; and

WHEREAS, AMENDMENT NO. ONE to the Agreement, attached hereto and incorporated herein as Exhibit “B” was entered into between the parties on or about February 1, 2016; and

WHEREAS, AMENDMENT NO. TWO to the Agreement, attached hereto and incorporated herein as Exhibit “C” was entered into between the parties on or about December 12, 2016; and

WHEREAS, the parties wish to amend the Agreement.

NOW, THEREFORE, in consideration of the covenants, terms, conditions, and provisions of this Amendment, the parties agree:

SECTION 1: Section 3 of the Agreement, Salary, is hereby amended to read as follows:

Commencing on and continuing from the pay period including July 1, ~~2016~~2017, Minor’s annual base salary shall be increased to ~~One Hundred Forty One Thousand One Hundred Forty Eight and 80/100~~ One Hundred Forty Six Thousand Eight Hundred Forty Six and No/100 Dollars (~~\$141,148.80~~146,846.00), prorated and paid on City’s regular paydays. This amount is subject to authorized or required deductions and withholding, prorated and paid on City’s regular paydays. Minor is an exempt employee under applicable wage and hour law and her base salary shall be compensation for all hours worked. The City agrees that the amount of Minor’s base annual salary will not decrease, except as part of the permanent decrease that is consistent with the Fair Labor Standards Act.

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SECTION 2. Except as herein modified, all other provisions of the Contract, including any exhibits and subsequent amendments thereto, shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have by their duly authorized representatives executed this Amendment on the date first above written.

ATTEST:

CITY OF PALO ALTO

Assistant City Clerk

Mayor

Dated:_____

APPROVED AS TO FORM:

BETH MINOR

City Attorney

Dated:_____

Attachments:

EXHIBIT A: EMPLOYMENT AGREEMENT BETWEEN THE CITY OF PALO ALTO
AND BETH MINOR
EXHIBIT B: AMENDMENT NO. ONE TO EMPLOYMENT AGREEMENT
BETWEEN THE CITY OF PALO ALTO AND BETH MINOR
EXHIBIT C: AMENDMENT NO. TWO TO EMPLOYMENT AGREEMENT
BETWEEN THE CITY OF PALO ALTO AND BETH MINOR

Exhibit A

**EMPLOYMENT AGREEMENT
BETWEEN CITY OF PALO ALTO
AND
BETH MINOR**

THIS AGREEMENT is between the City of Palo Alto, a municipal corporation and chartered city ("City") and Beth Minor ("Minor"). 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:

- A. City, acting by and through its City Council, wishes to employ Minor as its City Clerk, subject to the terms and conditions set forth in this Agreement, the Palo Alto Municipal Code and the Charter of the City of Palo Alto (the "Charter").
- B. Under the Charter, the City Clerk is appointed by the City Council. Notwithstanding any provision of the City of Palo Alto Merit System Rules and Regulations, the City Clerk serves on an at-will basis, with no expectation of continued employment, and with no right to pre-or post-separation due process or appeal.
- C. Minor desires to be employed by the City as its City Clerk, subject to the terms and conditions in this Agreement, the Palo Alto Municipal Code, the Charter, the Palo Alto Merit System Rules and Regulations, and all other applicable laws, resolutions, and policies.
- D. The City and Minor wish to establish specific terms and conditions relating to compensation and benefits and related matters.

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

- 1. Employment. The City appoints Minor as its City Clerk for an indefinite term to begin on May 5, 2015. If Minor does not actually report for or start work on May 5, 2015, the employment start date will be the date, if any, that is mutually agreed by the parties. Except as otherwise provided herein, Minor's employment with the City shall be governed by the City Council-adopted Compensation Plan for Management and Professional Personnel and Council Appointees, as it currently exists and may be changed from time to time.
- 2. Duties of the City Clerk. Minor will perform the duties established for the City Clerk by the Palo Alto City Charter, by the Palo Alto Municipal Code, by direction given by the City Council, and as otherwise provided by law, ordinance, or regulation. Minor agrees to comply with all federal, state and local laws, ordinances, rules and regulations applicable to or associated with these duties.

2.1. Full Energy and Skill. Minor will devote her full energy, skill, ability, and productive time to the performance of her duties.

2.2. No Conflict. Minor will not engage in any employment, activity, consulting service, or other enterprise, for compensation or otherwise, which is actually or potentially in conflict with or which interferes with the performance of her duties. Minor acknowledges that she is subject to the various conflict of interest requirements found in the California Government Code and state and local policies and regulations.

2.3 Permission Required For Outside Activities. Minor will not engage in any employment, activity, consulting service, or other enterprise, for compensation or not, without written permission of the City Council.

3. Salary. While performing the duties of City Clerk, Minor will receive a base salary within the range provided in the City Council-approved Compensation Plan for Management and Professional Personnel and Council Appointees, as it currently exists and may be changed from time to time. Minor will receive an initial gross base annual salary of one hundred thirty five thousand dollars and eighty cents (\$135,000.00), beginning on the Employment Start Date. This amount is subject to authorized or required deductions and withholding, prorated and paid on City's regular paydays. Minor is an exempt employee under applicable wage and hour law and her base salary shall be compensation for all hours worked. The City agrees that the amount of Minor's base annual salary will not decrease, except as part of a permanent decrease that is consistent with the Fair Labor Standards Act.

4. Benefits and Allowances. Minor will be eligible for, and shall receive, all regular benefits (i.e., health insurance, PERS contributions to the extent paid by the City, etc.) and vacation, sick leave, and management leave, as are generally provided to management employees under the City Council-approved Compensation Plan for Management and Professional Personnel and Council Appointees, as it currently exists and may be changed from time to time.

5. Additional Benefits and Allowances. In addition to the benefits specified in section 4, Minor will receive the following additional benefits and allowances:

5.1. Vacation Accrual. Notwithstanding the Management and Professional Personnel and Council Appointees Compensation Plan, Minor's vacation accrual rate will be calculated at the rate of one hundred eighty (180) hours annually, prorated and credited each pay period.

5.3. Severance. If Minor is terminated or asked to resign she shall, upon execution of a release of all claims against the City, be eligible for a severance payment according to the City Council-adopted Compensation Plan for Management and Professional Personnel and Council Appointees, as it currently exists and may be changed from time to time, currently equivalent to a maximum of twelve (12) weeks of salary and benefits. No severance shall be paid if Minor is terminated for serious misconduct involving abuse of her office or position, including but not limited to waste, fraud, violation of the law under color of authority, misappropriation of public resources, violence, harassment or discrimination. If Minor is later

convicted of a crime involving such abuse of her position she shall fully reimburse the City as set forth in Government Code section 53243.3.

6. **Additional Expenses of Employment.** The City shall pay the cost of any fidelity or other bonds required by law for the City Clerk.
7. **Duration of Employment.** Minor understands and agrees that she has no constitutionally protected property or other interest in her employment as City Clerk. Minor waives any and all rights, if any, under the Merit System Rules and Regulations, including without limitation, the right to pre-or post-disciplinary due process. Minor understands and agrees that she works at the will and pleasure of the City Council and that she may be terminated or asked to resign at any time, with or without cause. Minor may terminate this agreement (terminating all employment) upon 30 days written notice to the City Manager.
8. **Miscellaneous.**
 - 8.1. **Notices.** Notices given under this Agreement shall be in writing and shall be either: a) served personally; or b) sent by facsimile (provided a hard copy is mailed within one (1) business day); or c) delivered by first-class United States mail, certified, with postage prepaid and a return receipt requested; or d) sent by Federal Express, or some equivalent private mail delivery service. Notices shall be deemed received at the earlier of actual receipt or three (3) days following deposit in the United States mail, postage prepaid. Notices shall be directed to the addresses shown below, provided that a party may change such party's address for notice by giving written notice to the other party in accordance with this subsection.

CITY: Attn: Mayor, City Council
250 Hamilton Avenue Palo Alto, CA 94301
Phone: (650) 329-2226
Fax: (650) 328-3631

MINOR: Beth Minor
250 Hamilton Avenue Palo Alto, CA 94301
Fax: (650) 328-3631

8.2. **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 and attached hereto.

8.3. Applicable Law and 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 Santa Clara County.

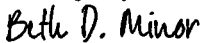
8.4. Severability. In the event any portion of this Agreement is declared void, such portion shall be severed from this Agreement and the remaining provisions shall remain in effect, unless the result of such severance would be to substantially alter this Agreement or the obligations of the parties,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

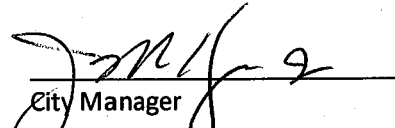
8.6. Representation by Counsel. Minor and the City acknowledge that they each did, or had the opportunity to, consult with legal counsel of their respective choices with respect to the matters that are the subject of this Agreement prior to executing it.

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.

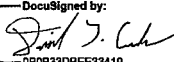
MINOR

DocuSigned by:

D9A4DD1FEC840R
Beth Minor
6/9/2015
Date: _____

CITY OF PALO ALTO


City Manager
Date: 6.16.2015

ATTEST:

DocuSigned by:

090B330BEE33410...
By: David Carnahan
Deputy City Clerk

APPROVED AS TO FORM:

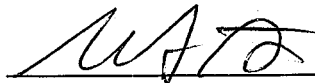

Deputy City Attorney

EXHIBIT B

**AMENDMENT NO. ONE TO EMPLOYMENT AGREEMENT
BETWEEN THE CITY OF PALO ALTO AND
BETH MINOR**

This AMENDMENT NO. ONE to the EMPLOYMENT AGREEMENT (“Agreement”) is entered into on February 1, 2016, by and between the CITY OF PALO ALTO, a California chartered municipal corporation (“City”), and BETH MINOR (“Minor”), an individual, located at 250 Hamilton Avenue 8th Floor, Palo Alto, CA.

RECITALS:

WHEREAS, the original EMPLOYMENT AGREEMENT between the City of Palo Alto and Beth Minor, attached hereto and incorporated herein as Exhibit “A” was entered into between the parties for the services of City Clerk on or about June 9, 2015; and

WHEREAS, the parties wish to amend the Agreement.

NOW, THEREFORE, in consideration of the covenants, terms, conditions, and provisions of this Amendment, the parties agree:

SECTION 1: Section 3 of the Agreement, Salary, is hereby amended to read as follows:

Commencing on and continuing from the pay period including July 1, 2015, Minor’s annual base salary shall be increased to One Hundred Thirty Six Thousand Three Hundred Sixty Four and No/100 Dollars (\$136,364.00), prorated and paid on City’s regular paydays. This amount is subject to authorized or required deductions and withholding, prorated and paid on City’s regular paydays. Minor is an exempt employee under applicable wage and hour law and her base salary shall be compensation for all hours worked. The City agrees that the amount of Minor’s base annual salary will not decrease, except as part of the permanent decrease that is consistent with the Fair Labor Standards Act.

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SECTION 2. Except as herein modified, all other provisions of the Contract, including any exhibits and subsequent amendments thereto, shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have by their duly authorized representatives executed this Amendment on the date first above written.

ATTEST:

DocuSigned by:

Jessica Brettle

1CE2FC2276F8465...

Assistant City Clerk

CITY OF PALO ALTO

DocuSigned by:

Patrick Burt

0B8A2FEE5FA473...

Patrick Burt

Dated: 3/16/2016

APPROVED AS TO FORM:

DocuSigned by:

Molly Stump

39A473B653574A9...

City Attorney

BETH MINOR

DocuSigned by:

Beth Minor

45F95502DB71492...

Dated: 3/7/2016

EXHIBIT C

**AMENDMENT NO. TWO TO EMPLOYMENT AGREEMENT
BETWEEN THE CITY OF PALO ALTO AND
BETH MINOR**

This AMENDMENT NO. TWO to the EMPLOYMENT AGREEMENT (“Agreement”) is entered into on December 12, 2016 by and between the CITY OF PALO ALTO, a California chartered municipal corporation (“City”), and BETH MINOR (“Minor”), an individual, located at 250 Hamilton Avenue 8th Floor, Palo Alto, CA.

RECITALS:

WHEREAS, the original EMPLOYMENT AGREEMENT between the City of Palo Alto and Beth Minor, attached hereto and incorporated herein as Exhibit “A” was entered into between the parties for the services of City Clerk on or about June 9, 2015; and

WHEREAS, AMENDMENT NO. ONE to the Agreement, attached hereto and incorporated herein as Exhibit “B” was entered into between the parties on or about February 1, 2016; and

WHEREAS, the parties wish to amend the Agreement.

NOW, THEREFORE, in consideration of the covenants, terms, conditions, and provisions of this Amendment, the parties agree:

SECTION 1: Section 3 of the Agreement, Salary, is hereby amended to read as follows:

Commencing on and continuing from the pay period including July 1, 2016, Minor’s annual base salary shall be increased to One Hundred Forty One Thousand One Hundred Forty Eight and 80/100 Dollars (\$141,148.80), prorated and paid on City’s regular paydays. This amount is subject to authorized or required deductions and withholding, prorated and paid on City’s regular paydays. Minor is an exempt employee under applicable wage and hour law and her base salary shall be compensation for all hours worked. The City agrees that the amount of Minor’s base annual salary will not decrease, except as part of the permanent decrease that is consistent with the Fair Labor Standards Act.

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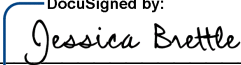
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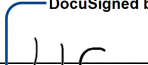
SECTION 2. Except as herein modified, all other provisions of the Contract, including any exhibits and subsequent amendments thereto, shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have by their duly authorized representatives executed this Amendment on the date first above written.

ATTEST:

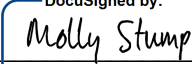
CITY OF PALO ALTO

DocuSigned by:

Assistant City Clerk

DocuSigned by:

Mayor

Dated: 5/24/2017

APPROVED AS TO FORM:

DocuSigned by:

City Attorney

BETH MINOR

DocuSigned by:

Beth Minor

Dated: 5/17/2017

Attachments:

EXHIBIT A: EMPLOYMENT AGREEMENT BETWEEN THE CITY OF PALO ALTO AND BETH MINOR
EXHIBIT B: AMENDMENT NO. ONE TO EMPLOYMENT AGREEMENT BETWEEN THE CITY OF PALO ALTO AND BETH MINOR

Attachment E

City of Palo Alto Councilperson and Council Appointed Official Salary Schedule							
Job Code	FLSA Status	Group	Classifications	Hourly Rate	Monthly	Annual Salary	Effective
1	Exempt	Council	Council Person	\$5.77	\$1,000.13	\$ 12,001.60	1/1/2017
2	Exempt	CAO	City Manager	\$150.71	\$26,123.07	\$ 313,476.80	7/1/2017
3	Exempt	CAO	City Attorney	\$136.66	\$23,687.73	\$ 284,252.80	7/1/2017
4	Exempt	CAO	City Auditor	\$90.16	\$15,627.73	\$ 187,532.80	7/1/2017
5	Exempt	CAO	City Clerk	\$70.58	\$12,233.87	\$ 146,806.40	7/1/2017