MEETING DATE: **05/14/12**
AGENDA ITEM: **Approval of an Amendment to Exhibit "B" of the Employment Agreement of the City Manager Clarifying and Implementing the Residency Incentive.**

ATTACHMENTS

ATTACHMENT 1

Contract No. 2010-

JOHN NACHBAR, CITY MANAGER
EXECUTIVE EMPLOYMENT AGREEMENT

This Employment Agreement is entered into on this 12th day of July 2010, by and between the City of Culver City, California, a municipal corporation, hereinafter referred to as "City", and John Nachbar, hereinafter known as "Employee". The City and the Employee are collectively referred to as "the Parties" and agree as follows:

RECITALS

A. The City Council of the City desires to enter into this Agreement:

1. To appoint Employee as City Manager.

2. To encourage the highest standards of public service on the part of Employee and provide assurances to Employee regarding his employment by offering certain compensation, benefits and other incentives.

3. To ensure that Employee shall do his utmost to promote the City's interests, and devote such time and effort as necessary to properly perform his duties.

4. To establish an equitable process for terminating Employee's services at such time as he may be unable to fully discharge his duties, or when City may desire to otherwise terminate his employment in accordance with this Agreement.

5. To establish a framework for a working relationship built on mutual respect among the City Council, City Manager, Staff and the Community.

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B. Employee desires to accept such employment with City on the terms and conditions set forth in this Agreement.

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

1. **EMPLOYMENT AND DUTIES**:

The City hereby agrees to employ Employee as City Manager of the City of Culver City. Employee is appointed by and serves at the pleasure of the City Council in an at-will capacity. Employee shall exercise the powers and perform the duties of the position of City Manager, as set forth in the City Charter, Culver City Municipal Code, resolutions, policies, and other rules and regulations of City including, but not limited to, those duties listed in Exhibit "A" attached hereto and incorporated herein by this reference. In addition, Employee shall exercise such other powers and perform such other lawful duties as the City Council may from time-to-time assign to Employee.

2. **TERM OF AGREEMENT**:

A. This Agreement shall continue in full force and effect unless and until modified by City and Employee in writing or unless and until such time as Employee's employment relationship is terminated in accordance with Section 3.

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B. Unless approved in advance or otherwise directed by the City Council, Employee shall not engage in any activity, consulting service or enterprise, for compensation or otherwise, which in the determination of the City Council, actually or potentially in conflict with or inimical to, or which interferes with, his duties and responsibilities to Employer.

3. **TERMINATION OF AGREEMENT:**

A. By City Council action, City may terminate this Agreement, at any time, with or without cause, upon thirty (30) days written notice to Employee. If City terminates this Agreement for any reason other than reasons set forth in Section 4 of this Agreement, City shall provide severance pay to Employee on the effective date of such termination in an amount equal to the Employee's base salary and benefits for a six-month period at Employee's rate of pay on the effective date of such termination. Under no circumstance shall the City terminate this Agreement within ninety (90) days immediately following a regular municipal election.

B. Employee may terminate this Agreement at any time upon thirty (30) days written notice to the City. Upon Employee's termination of this Agreement, Employee shall not be entitled to any severance pay, with the exception of all unused accruals as outlined in the Culver City Management Group Memorandum of Understanding ("CCMG MOU").

C. In the event Employee is unable to perform his duties, with or without reasonable accommodation, due to incapacity or illness, as verified appropriately by the City's physician, Employee shall be permitted to use his leave as permitted by law, and the Council may also grant any other form of leave it deems appropriate.

4. **DISCIPLINE AND/OR TERMINATION FOR CAUSE**:

A. This Agreement may be terminated by the City Council for "cause." For purposes of this Agreement, "cause" shall be defined as circumstances where Employee:

(i) Consistently and repeatedly refuses and/or willfully fails to perform the duties of his position;

(ii) Consistently and repeatedly refuses and/or willfully fails to carry out the orders, directions or decisions of the City Council; or

(iii) Commits any material act of dishonesty, malfeasance, moral turpitude, fraud, or theft.

B. City reserves the right to take appropriate disciplinary action for cause.

C. Employee shall be provided written notice of City's intent to take disciplinary action for Cause at least ten (10) calendar days prior to the City Council meeting at which a final decision will be made. Employee shall be provided an opportunity to respond to the notice of intended action. Any decision or action of the City Council following such response shall be final.

D. Due to the salaried and exempt nature of Employee's position under the Fair Labor Standards Act (FLSA), if Employee is relieved of duty during the pendency of the above process, Employee shall continue to receive full pay and benefits until final action of the City Council has been taken.

5. SALARY AND COMPENSATION:

Employee shall be compensated as set forth below, and paid pursuant to the payroll procedures and provisions affecting Management employees of the City. Except as specifically provided herein, Employee shall receive all the benefits, including vacation and sick leave accrual, provided to other Management employees as described in the adopted ~~CCMG MOU for the 2005-2010 period, and as may be amended in the~~ future.

A. Salary and Other Compensation

1. Salary. Employee shall be placed in the City's Classification and Salary Plan. Employee's base annual salary shall be $245,049, which includes $12,000 annual Redevelopment Agency stipend as set forth in Section 5.A.2.

Employee's base annual salary, except as it may be adjusted for "cost-of-living" provided in subsection (B) below, shall constitute the "Salary" for this position for the term of the Agreement. Payment of Employee's Salary shall be made in biweekly installments in the same manner as other employees of the City.

2. Redevelopment Agency Stipend. Per Resolution of the Culver City Redevelopment Agency, Employee receives a quarterly stipend totaling the amount of $12,000 annually to compensate Employee for

performing the duties of the Executive Director of the Redevelopment Agency. The City shall take necessary action, if possible, to include payment of the Redevelopment Agency stipend as part of the base annual salary.

B. CPI. Effective August 2011, and each twelve (12) month anniversary thereafter, City agrees to increase the base salary identified in subsection (A)(1) above, by an amount equal to the percentage increase in the Consumer Price Index (CPI) for Urban Wage Earners and Clerical Workers (1982-84=100) for the Los Angeles Metropolitan area for the immediately preceding twelve (12) months or any negotiated salary adjustment contained in the CCMG MOU, whichever is greater.

C. Relocation and Temporary Housing Assistance. City shall reimburse Employee for the moving expenses of Employee's household possessions and cars from Overland Park, Kansas to Culver City, California. The reimbursement shall be based upon the lowest of three (3) estimates for an insured, full service move. In addition, City shall provide Employee with relocation and temporary housing assistance allowance. The net allowance shall be payable in one lump sum following the commencement of this Agreement and shall not exceed twenty thousand dollars ($20,000).

D. Residency Incentive. Employee shall be offered a Residency Incentive as set forth in the Residency Incentive Agreement attached to this Agreement as Exhibit "B" and incorporated herein by this reference.

E. Vacation and Sick Leave. In addition to leave accruals provided within the CCMG MOU for the 2005-2010 period, and as may be amended in the future, Employee shall be granted a starting bank of 60 hours of vacation leave and 40 hours of sick leave upon initially reporting and assuming the duties of City Manager.

F. Administrative Leave. Employee shall be entitled to ten (10) days of Administrative Leave during each year of this Agreement. Any unused Administrative Leave at the end of each year of this Agreement shall be forfeited.

G. Auto Allowance. Employee shall receive Six Hundred Dollars ($600) per month automobile allowance as full reimbursement of use of his personal vehicle for City related business and commuting purposes.

H. Deferred Compensation/Retention Bonus. Effective August 2011 and upon satisfactory performance, Employee shall receive a contribution from the City for deferred compensation in the amount of $12,500. Effective August 2012 and upon satisfactory performance, Employee shall receive a contribution from the City for deferred compensation in the amount of $17,500. In order to be eligible for this benefit, Employee must be continuously employed for the twelve months prior to the payment of each deferred compensation/retention bonus. Employee shall be responsible for any taxes due in regard to this deferred compensation/retention bonus.

I. Cellular Telephone. In accordance with City policy, Employee shall be provided with a cellular phone or a monthly stipend, as approved by City Council, in order to be accessible by City officials.

6. **PERFORMANCE EVALUATION:**

The City Council shall review and evaluate the performance of Employee quarterly for the first year of this Agreement and at least once per year thereafter for the remainder of the term of this Agreement. At a minimum, the annual review shall take place on or about the anniversary date of this Agreement. Said reviews and evaluations shall be in accordance with specific written criteria developed by the City Council in consultation with the Employee, and may be amended from time-to-time. The Mayor shall provide Employee with a written summary of the findings of the City Council, and provide an adequate opportunity for Employee to discuss his evaluations with the City Council. The City Council and/or Employee may desire additional performance evaluations between anniversary dates. Such evaluations shall be less formal and may be conducted without written comments or reports.

7. **OTHER TERMS AND CONDITIONS OF EMPLOYMENT:**

A. Other Conditions. The City Council may, from time-to-time in writing, fix other terms and conditions of employment relating to Employee, provided such terms and conditions are not inconsistent with or in conflict with the provisions of this Agreement, the City Charter, Culver City Municipal Code, or other applicable law.

B. Communications with the City Council. It will be the obligation of the Employee to be accessible to the Mayor and all Members of the City Council on as equal a basis as reasonably possible and to communicate information to the Mayor and all Members of the City Council in a similar and equal manner at approximately the same time.

C. Notification of Leave from Office. Employee shall provide the City Council with reasonable notice prior to taking two (2) or more consecutive vacation or administrative days off.

D. Indemnification. City shall defend, hold harmless and indemnify Employee against any tort, professional liability claim or demand or other legal action, whether groundless or otherwise, arising out of an alleged act or omission occurring in the course and scope of Employee's duties as City Manager, in accordance with the provisions of applicable law, including Government Code Section 825, and shall further provide Employee a defense in accordance with the provisions of applicable law, including California Government Code Section 995, et seq., subject to the limitations and qualifications contained in these or other applicable statutes. City may compromise and settle any such claim or suit and pay the amount of any settlement or judgment resulting therefrom. The obligation to defend and indemnify Employee shall survive the termination or expiration of this Agreement as to liability incurred during the term hereof. Nothing in this subsection shall be deemed to reduce the City's obligation to defend or indemnify Employee under applicable Federal, State or local law.

8. GENERAL PROVISIONS:

A. Entire Agreement. This Agreement represents the entire Agreement between the City and Employee regarding the matters described hereunder, and all preliminary negotiations and agreements are deemed a part of this Agreement. No verbal agreement or implied covenant shall be held to vary the provisions of this Agreement. This Agreement shall bind and inure to the benefit of the Parties to this Agreement, and any subsequent successors, heirs and assigns.

B. Modification. This Agreement may not be modified, nor may any of the terms, provisions or conditions be modified or waived or otherwise affected, except by a written amendment signed by all parties hereto.

C. Notice. Any notice given to City under this Agreement shall be given in writing to City, either by personal service or by registered and certified mail, postage prepaid, addressed to the City of Culver City, City Clerk at City's principal place of business. Any notice to Employee shall be given in a like manner, and if mailed shall be mailed to the Employee at his home address as shown in City's personnel files.

D. Severability. If any provision of this Agreement is held invalid or unenforceable, the remainder of this Agreement shall nonetheless remain in full force and effect.

E. Resolution of Disputes. Should a dispute arise between the Parties specifically concerning the amount of salary or period for which salary is to be paid, the Parties agree that the dispute shall be submitted to binding arbitration. Such arbitration shall be conducted by a mutually agreed arbitrator and pursuant to the rules of the American Arbitration Association. Each Party shall bear one-half the costs of the arbitration. The arbitrator may award costs and attorney's fees to the prevailing party as determined by the arbitrator. The Parties agree that any disputes resolved by arbitration shall be final and binding. Any other disputes arising out of this Agreement, not specifically referenced herein, shall not be subject to the provisions of this Section.

F. Governing Law. The terms of this Agreement shall be interpreted according to the laws of the State of California. If litigation arises out of this Agreement, then venue shall be in the Superior Court of Los Angeles County.

G. Effective Date. The effective date of this Agreement is the date it is signed on behalf of the City.

EMPLOYEE

Dated: 26 JUL 2010

By: ____________________
Name: John Nachbar
Title: City Manager

CITY OF CULVER CITY

Dated: 9 AUG 2010

By: ____________________
Christopher Armenta,
Mayor, City of Culver City

ATTEST:

____
Martin R. Cole, City Clerk

APPROVED AS TO FORM:

____
Carol Schwab, City Attorney

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Culver City
PERSONNEL DEPARTMENT

CITY MANAGER

DEFINITION

The occupant of this classification is in the unclassified service. Pursuant to the City Charter, the City Manager, as the Chief Executive Officer of the City, is responsible to the City Council for the management of all City affairs, including the day-to-day management of the City organization. The City Manager, formulates municipal objectives, goals, and plans, including both annual budgets and multi-year capital improvement programs, for presentation to, and consideration by the City Council, and ensures their effective and economical achievement upon Council approval. The City Manager assists the City Council in meeting it's planning, policy making, performance evaluation, community leadership roles, and in maintaining a sound financial position for the City.

SUPERVISION RECEIVED AND EXERCISED

This position is appointed by, and receives policy direction from, the City Council. Responsibilities include general supervision of all City employees and exercise of supervision over the following positions: Assistant City Manager, City Controller, Information Technology Director, Personnel and Employee Relations Director, Community Development Director, Parks, Recreation and Community Service Director, Public Works Director/City Engineer, Transportation Director, and the Executive Assistant to the City Manager. As Chief Executive Officer, the City Manager also supervises the Chief of Police and the Fire Chief, and directs and supervises the administration of all City departments. Additionally, the City Manager shall exercise supervision over the City Treasurer and City Clerk as of the date specified in the City Charter. The City Manager also serves as the Executive Director of the Redevelopment Agency.

ESSENTIAL JOB DUTIES

The following tasks are essential for this position. Incumbents in this classification may not perform all of these tasks, or may perform similar related tasks not listed here.

1. Assists the City Council in the development of overall, qualitative, and quantitative short-term and long range policy goals and objectives for the City.
2. Implements plans for maintaining an effective and efficient program of municipal operations to mobilize skills and resources to deliver services to the community and to provide programs to meet community needs consistent with the City Council approved budget.
3. Efficiently executes policy decisions of the City Council.
4. Works cooperatively with the City Attorney.
5. Works closely with City Council to ensure communication and conversion of Council policy decisions into staff assignments and accomplishments.
6. Ensures executive management establishes and reports on objectives for the programs and activities for which they are responsible, and coordinates efforts to ensure efficacy and efficiency in pursuing and achieving City Council identified goals.
7. Prepares, either directly or through executive management staff, proposals for City Council consideration on a variety of issues with impact on the City. Reviews and approves all agenda items for agenda inclusion and presentation to the City Council. Coordinates the preparation of City Council and agenda items and ensures the timely delivery of agenda packets.
8. Develops and submits, for Council information and/or consideration, various reports and recommendations related to the fiscal status of the City, including: the annual operating budgets, fiscal plans, work plans, and multi-year capital improvement project budgets.
9. Implements the budget as adopted by the City Council. Ensures the City Council is informed regarding the City's financial status and forecasts.
10. Advises the City Council while Council considers appointments of the City Attorney, Chief of Police, and Fire Chief.

11. Recommends policies and procedures for Council adoption which foster an environment which attracts the most qualified employees and encourages employees' professional development.
12. Personally serves the community by directly attempting resolution of citizen complaints unable to be resolved at other levels. Meets periodically with community leaders, the media, and other interested parties to discuss problems and opportunities.
13. Assists in the development of municipal legislation and provides for the prompt execution of Council actions including the enforcement of municipal laws and ordinances. Represents the City's interests at the federal, state, county/regional level as well as before state agencies, the Governor, and during legislative sessions.
14. Assists individual members of the City Council by providing counsel regarding inquiries and complaints.
15. Conducts all grievance hearings appealed from Department determinations. Approves safety disability retirement requests/recommendations. Meets with employee labor association representatives and City employees in general.
16. In the event of an emergency during normal business hours, is assigned the duties and responsibilities of Director of Emergency Services per the Culver City Municipal Code.
17. Performs other related duties as authorized by the City Charter and as directed by the City Council.

MINIMUM KNOWLEDGE, SKILLS AND ABILITY

Knowledge of:

- Principles and practices of City management.
- City government structure and functions.
- Laws as they relate to City government.
- Principles and practices of local government budgeting and financial administration.
- Personnel administration principles and practices.
- Labor relations.

Skill and Ability to:

- Work with diverse community groups.
- Establish effective working relationships with the City Council.
- Establish organizational priorities.
- Develop, motivate, and manage senior staff assigned to the various operating programs of the City.
- Execute governmental projects and programs in accordance with the policy of the City Council.
- Relate city governmental programs to social, environmental, political, and economic changes and needs within the community.
- Express self clearly and concisely in both verbal and written forms.

LICENSE AND CERTIFICATE

Possession of a valid California Class C driver's license.

TRAINING AND EXPERIENCE

Any combination equivalent to training and experience that could likely provide the required knowledge, skills and abilities would be qualifying. A typical way to obtain the knowledge, skills and abilities would be: a Master's Degree from an accredited college or university in public administration and ten years of responsible experience at the Assistant City Manager level or five years Assistant City Manager and five years Department Head.

PHYSICAL REQUIREMENTS AND WORKING CONDITIONS

- Require vision (which may be corrected) to read small print.
- Perform work which is primarily sedentary.
- Is subject to office environmental

§ 3.02.010 CITY MANAGER.

A. *Appointment; compensation.*

1. The City Manager shall be appointed by the City Council solely on the basis of his executive and administrative qualifications and ability to serve in the unclassified service under the supervision of the City Council.

2. The City Manager shall receive such compensation as the City Council shall from time to time determine and fix by resolution.

('65 Code, § 2-19)

B. *Duties and powers.* The City Manager shall have the following duties and powers:

1. *Recommendations to City Council.* To conduct studies and to make recommendations to the City Council concerning all functions of City government following analysis thereof; to recommend ordinances for adoption by the City Council, subject to the prior approval of the City Attorney as to the form thereof;

2. *Investigation of complaints.* To investigate all complaints in relation to matters concerning the administration of the City government, and to take appropriate measures to obtain compliance with the obligations of permits, franchises and privileges granted by the City;

3. *Supervision of public property.* To exercise general supervision over all public buildings, parks, and all other property which is subordinate to the control of the City Council;

4. *Public Relations Officer.* To serve as Public Relations Officer of the City and to cooperate with all organizations which advance the interests of the City and its residents;

5. *Inventory control.* To prepare and keep current an inventory of personal property owned by the City, and to recommend the acquisition, transfer or disposition of City property; and

6. *Personnel Officer.* To serve as Personnel Officer, personally or by delegation, and to recommend in all matters pertaining thereto.

('65 Code, § 2-20) (Ord. No. CS-84; Ord. No. 2006-009 § 8)

The City Council shall designate one newspaper circulated in the City for the publication of all notices and other matters required to be published in a newspaper. When possible, a change to another newspaper shall not be made until a notice of the intention to change is published in the previously designated newspaper.

The charges for such publications in the designated newspaper shall not exceed the rates charged to the general public for similar publications.

All legal notices or other matters required to be published shall also be posted in at least three public places within the City.

Posting of legal notices in three public places shall be sufficient, without publication if the designated newspaper is unavailable and a suitable replacement cannot be designated.

ARTICLE VII. CITY ADMINISTRATION

SECTION 700. POWERS AND DUTIES OF CITY MANAGER.

The City Council shall appoint the City Manager who shall be the chief executive officer of the City, responsible to the City Council for the management of all City affairs placed in the City Manager's charge by or under this Charter, by ordinance, resolution or other action of the City Council. The City Manager, or his or her designee, shall:

(a) Appoint, suspend and remove all City employees, including Department Heads, the City Clerk and the City Treasurer, except as otherwise provided by State law or this Charter;

(b) Direct and supervise the administration of all City departments, except as otherwise provided by this Charter;

(c) Attend all City Council meetings, at which the City Manager shall have the right to take part in discussion, but shall not vote;

(d) Prepare and submit to the City Council an annual budget pursuant to this Charter, and implement the final budget approved by the City Council; and

(e) Perform such other duties as are specified in this Charter, or by ordinance, resolution or other action of the City Council.

SECTION 701. NON-INTERFERENCE BY CITY COUNCIL.

Neither the City Council, nor any Council Member shall:

(a) Order or direct the City Manager to appoint or remove any person to or from any position of employment with the City;

(b) Except as otherwise permitted by this Charter or by ordinance, order or direct the City Manager to enter into a municipal contract or make a purchase of supplies from any particular person or entity;

(c) Interfere in any way with the performance of the duties of any City employee; or

(d) Interfere in any way with the duties of the City's elections official in the conduct of elections.

Nothing in this section shall prevent the City Council, or any of its members, from advising the City Manager of any information which might assist the City Manager in the discharge of the City Manager's duties; or contacting City employees for the purpose of inquiry, obtaining information or advising employees of citizen complaints.

ARTICLE VIII. ANNUAL BUDGET

SECTION 800. BUDGET PREPARATION.

All Department Heads shall, upon request, provide the City Manager with estimates of revenues and expenditures for their departments, detailed in the manner prescribed by the City Manager. The City Manager shall review the estimates, hold conferences with department personnel, and prepare a proposed budget.

SECTION 801. SUBMISSION TO CITY COUNCIL.

At least 45 days prior to the beginning of each fiscal year, the City Manager shall submit a proposed budget to the City Council. After reviewing the proposed budget, the City Council shall set the date and time for a public hearing on the proposed budget and, at least 10 days prior to its scheduled date, shall cause notice of such public hearing to be published in a newspaper circulated in the City and designated by the City Council.

Residency Incentive

To facilitate Employee's presence in the community and his participation in civic and community affairs, City will provide Employee a loan to assist with a down payment for Employee to purchase real property, subject to all of the following:

1. The property must be the employee's permanent place of residence and must be within the corporate boundaries of the City of Culver City.

2. The loan shall be evidenced by a note secured by a First Deed of Trust and in a form approved by the City Attorney's office.

3. The loan shall not exceed 90% of the purchase price of the property up to $1.2 million.

4. The Employee shall have the option of an interest-only or interest and principal 30 year note with bi-weekly payments in the form of payroll deduction. The amortization period may be less than 30 years or paid early with no pre-payment penalty at the request of the employee.

5. The initial annual interest rate on the loan shall be one-half percentage point greater than the effective yield on investments in the State of California Local Agency Investment Fund for the month immediately preceding execution of the loan agreement.

6. On August 1 of each year the interest rate shall be reset one-half percentage point above the effective yield on investments in the State of California Local Agency Investment Fund for the month ending the preceding June 30, provided further that the interest rate shall not increase by more than one-half percent per year and no more than three and one-half percent during the life of the loan from the initial rate established in accordance with subsection "5" above. The rate shall not decrease.

7. The Employee shall be responsible for property taxes and insurance. The City shall be named as an additional insured in an endorsement to the policy.

8. The loan shall be payable in full within twenty-four (24) months of the date employee leaves employment with the City or upon the sale, lease or transfer of the property, whichever is earlier.

9. In enforcing its rights and collecting any sums due, the City shall have all rights normally possessed by a lien holder in such a transaction and, in addition, shall have the power to collect sums due by payroll deduction or by deduction from other employee benefits payable to employee if that is deemed necessary by the Chief Financial Officer to protect the interests of the City.

10. Cash expenses to fund the loan, including escrow fees, appraisal fees, and title fees, shall be paid by the employee (unless paid by the seller of the property), but may be added to the principal amount of the loan secured by the first trust deed. The employee shall be required to employ an appraiser who meets the approval of the Chief Financial Officer.

Contract No. 2010-237A

JOHN NACHBAR, CITY MANAGER

AMENDMENT TO
EXECUTIVE EMPLOYMENT AGREEMENT

This Amendment to Employment Agreement is entered into on this 20th day of December, 2010, by and between the City of Culver City, California, a municipal corporation, hereinafter referred to as "City", and John Nachbar, hereinafter known as "Employee". The City and the Employee are collectively referred to as "the Parties" and agree as follows:

WHEREAS, on July 12, 2010, the Parties entered into a contract to appoint Employee as City Manager (the "Executive Employment Agreement"); and

WHEREAS, the parties desire to modify and amend a certain provision of the Executive Employment Agreement; and

WHEREAS, at its meeting of December 13, 2010, the City Council authorized this Amendment to the Executive Employment Agreement.

NOW THEREFORE, in consideration of the foregoing, City and Employee mutually agree as follows:

1. Paragraph 5 Salary and Compensation shall be amended by adding the following:

   J. Employee Retirement Contribution: Employee shall pay the full 8% CalPERS employee contribution rate.

2. Except as expressly set forth herein, all terms and conditions of the Executive Employment Agreement shall remain in full force and effect.

3. This Amendment shall be effective as of December 20, 2010.

EMPLOYEE

Dated: ________________

By: ____________________
Name: John Nachbar
Title: City Manager

(Signatures Continued on Page 2)

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(Signatures Continued from Page 1)

CITY OF CULVER CITY

Dated: ________________

By: ______________________________
Christopher Armenta,
Mayor, City of Culver City

ATTEST:

____
Martin R. Cole, City Clerk

APPROVED AS TO FORM:

____
Carol Schwab, City Attorney

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ATTACHMENT 2

AMENDED
EXHIBIT "B"

Residency Incentive

To facilitate Employee's presence in the community and his participation in civic and community affairs, City will provide Employee loans for Employee to purchase and improve real property, subject to all of the following:

1. The property must be the employee's permanent place of residence and must be within the corporate boundaries of the City of Culver City.

2. The loans may be disbursed in one or multiple phases, including a purchase phase and an improvement phase and shall be evidenced by note(s) secured by Deed(s) of Trust in a form approved by the City Attorney's Office. Such Deed(s) of Trust shall not be subordinated to any other Deed(s) of Trust without the written approval of the City.

3. The aggregate amount of the loans shall not exceed $1.2 million (Maximum Loan Amount) and the Maximum Loan-to-Value Ratio shall be 90%.

4. For the purchase phase, an appraisal shall be conducted by a qualified appraiser, subject to the approval of the City Attorney in consultation with the Chief Financial Officer. The Purchase Phase Loan shall not exceed the Maximum Loan-to-Value Ratio contained in Paragraph 3 hereof. Prior to disbursement of funds into escrow by the City, a Note secured by Deed of Trust between the City and Employee shall be duly executed. The Deed of Trust shall be recorded in conjunction with the grant deed.

5. Within 24 months of the date of close of escrow for the purchase of the property, Employee shall commence and conclude the Improvement Phase. Such improvements may be financed through an Improvement Phase Loan. The maximum amount of the Improvement Phase Loan shall be the difference between the Maximum Loan Amount and the Purchase Phase Loan.

6. Prior to disbursement of any funds from the Improvement Phase Loan, Employee shall submit an Improvement Plan for approval by the City Attorney, in consultation with the Chief Financial Officer.

7. Upon approval of the Improvement Plan, a second Note to be secured by Deed of Trust shall be executed between the City and Employee. The amount of the second Note and Deed of Trust shall be the difference between the Maximum Loan Amount and the Purchase Phase Loan. The second Note shall be referred to as the Improvement Phase Loan.

8. Subsequent to recordation of the second Deed of Trust, the Improvement Phase Loan may be disbursed in multiple draws upon presentation by Employee to the City of invoices or other similar documents that are consistent with the Improvement Plan. Upon approval of such documents by the City Attorney, the Chief Financial Officer shall be authorized to disburse Improvement Phase Loan Funds.

9. Within 60 days of the conclusion of the Improvement Phase, the City Attorney shall cause to be prepared a "Post-Improvement Appraisal" of the property by a qualified appraiser.

10. Based upon the valuation provided in the "Post-Improvement Appraisal" and the aggregate total of the Purchase Loan and the Improvement Loan (hereinafter the Post Improvement Loan Amount), the City Attorney, in consultation with the Chief Financial Officer, shall determine the Post-Improvement Loan To Value ratio which shall be the ratio of the Post-Improvement Loan Amount to the Post-Improvement Appraisal.

11. In the case the Post-Improvement Loan to Value Ratio exceeds the Maximum Loan To Value Ratio contained in Paragraph 3 hereof, then the City Attorney shall present Employee with a demand to provide sufficient reimbursement to the City so that the Post-Improvement Loan to Value Ratio is equal to or less than the Maximum Loan to Value Ratio. Such reimbursement shall be made no later than 90 days from the date of such demand from the City to Employee. As an alternative to direct reimbursement, Employee may also provide a pledge of assets (for example an irrevocable letter of credit), subject to the approval of the City Attorney in consultation with the Chief Financial Officer.

12. The Employee shall have the option of an interest-only or interest and principal 30 year note(s) with bi-weekly payments in the form of payroll deduction. The amortization period may be less than 30 years or paid early with no pre-payment penalty at the request of Employee.

13. The initial annual interest rate on the loan shall be one-half percentage point greater than the effective yield on investments in the State of California Local Agency Investment Fund for the month immediately preceding execution of the loan agreement.

14. On August 1 of each year the interest rate shall be reset one-half percentage point above the effective yield on investments in the State of California Local Agency Investment Fund for the month ending the preceding June 30, provided further that the interest rate shall not increase by more than one-half percent per year and no more than three and one-half percent during the life of the loan from the initial rate established in accordance with Paragraph 5 hereof. The rate shall not decrease.

15. The Employee shall be responsible for prompt payment of property taxes and insurance. The City shall be named as an additional insured in an endorsement to all insurance policies.

16. The loans shall be payable in full within twenty-four (24) months of the date employee leaves employment with the City or upon the sale, lease or transfer of the property, whichever is earlier.

17. In enforcing its rights and collecting any sums due, the City shall have all rights normally possessed by a lien holder in such a transaction and, in addition, shall have the power to collect sums due by payroll deduction or by deduction from other employee benefits payable to Employee if that is

deemed necessary by the City Attorney in consultation with the Chief Financial Officer to protect the interests of the City.

18. Cash expenses to fund the loan, including escrow fees, appraisal fees (including the Post Improvement Phase Appraisal), and title fees, shall be paid by the Employee (unless paid by the seller of the property), but may be added to the principal amount of the loans, subject to the Maximum Loan to Value Ratio and the Maximum Loan Amount contained in Paragraph 3 hereof.

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