

**EMPLOYMENT CONTRACT BETWEEN THE CITY OF VILLA PARK AND
JARAD HILDENBRAND**

THIS EMPLOYMENT CONTRACT (the "Agreement") is made so as to be effective as of the 1st day of July, 2012 by and between the CITY OF VILLA PARK, a municipal corporation ("CITY") and JARAD HILDENBRAND ("HILDENBRAND"), collectively the "Parties."

WITNESSETH

WHEREAS, CITY is a municipal corporation, the operation of which involves securing the services of a qualified professional City Manager; and,

WHEREAS, after a thorough analysis, CITY desires to hire HILDENBRAND as CITY's City Manager; and,

WHEREAS, it is the desire of the City Council of CITY to enter into an agreement with HILDENBRAND in order to reflect its desire to hire him as City Manager and to provide certain benefits, establish certain conditions of employment, set certain work conditions, and provide an equitable means of terminating HILDENBRAND's employment.

NOW, THEREFORE, CITY and HILDENBRAND, in consideration of the mutual covenants and agreements herein contained, agree as follows:

1. POSITION AND DUTIES. The City Council of CITY hereby agrees to appoint HILDENBRAND as City Manager of the City of VILLA PARK to perform the duties and functions specified in CITY's Municipal Code, ordinances, resolutions, policies and City Manager Job Description, and as required by the Government Code of the State of California, and to perform other legally permissible duties and perform such functions as the City Council shall from time to time assign. The City Council shall have the authority to determine the specific duties and functions that HILDENBRAND shall perform in accordance with applicable law, including the means and manner that he uses to perform his duties. HILDENBRAND agrees to devote all of his business time, skill, attention, and best efforts to the discharge of the duties and functions assigned to him by the City Council during his employment.

HILDENBRAND's work schedule shall be five (5) days (forty (40) hours) of work a week. However, due to the nature of the City Manager position, it is understood that flexibility is required for HILDENBRAND's work schedule and that at times it will be necessary for HILDENBRAND to be in the office at additional times at HILDENBRAND's reasonable discretion.

HILDENBRAND shall be considered a full-time CITY employee for all purposes. Employee's duties may involve expenditure of time in excess of the applicable overtime threshold for non-exempt employees and may also include time outside normal work hours, such as attendance at City Council meetings. Employee shall be exempt from paid overtime compensation. Employee's salary includes compensation for all hours worked and no additional compensation is due, regardless of the number of hours worked.

2. TERM, TERMINATION AND AT-WILL STATUS. The Agreement shall commence on July 1, 2012, and shall remain in effect for four (4) years unless not renewed or terminated by CITY or HILDENBRAND in accordance with the provisions of the Agreement. Nothing in this Agreement shall prevent, limit or otherwise interfere with the right of the City Council to terminate the services of HILDENBRAND at any time, subject only to the provisions set forth in this Section.

If City desires to not renew or not extend the term of this Agreement, it shall give HILDENBRAND written notice thereof at least six (6) months prior to the expiration of the Agreement. If CITY does not give such notice, the term of the Agreement shall be automatically extended for an additional one (1) year time period. Unless otherwise terminated as provided herein, the Agreement will continue to automatically extend for additional one (1) year time periods unless the City provides written notice of non-renewal six (6) months prior to the then-current expiration date of the Agreement.

HILDENBRAND holds his employment at the pleasure of the City Council and is an at-will employee. HILDENBRAND is exempt from CITY's competitive service. Other than as provided elsewhere in this Agreement, the City Council of CITY may terminate HILDENBRAND's employment at any time, for any reason that is not in violation of the public policy of the State of California, and may give HILDENBRAND notice of termination at any time. HILDENBRAND agrees that no representative of CITY has made or can make any promises, statements, or representations which state or imply that HILDENBRAND is hired or retained under any terms other than those stated herein.

HILDENBRAND may voluntarily terminate his employment at any time, for any reason, except he shall give the City Council of CITY forty five (45) days written notice prior to the effective date of the voluntary termination of his employment.

If the City Council of CITY terminates HILDENBRAND's employment or HILDENBRAND terminates his employment for any reason, HILDENBRAND shall only be entitled to receive: (i) the compensation he is currently due for the work he has already performed as set forth in Section 3 hereof, (ii) a severance payment if he is eligible as described in Section 4 hereof, and (iii) the cash equivalent of any unused vacation and sick leave as allowed in Section 3 hereof and in accordance with City policy.

3. COMPENSATION. CITY agrees to provide the following compensation to HILDENBRAND:

a. Base Salary: CITY shall pay HILDENBRAND a base annual salary of One Hundred Thousand Dollars (\$100,000.00) effective as of July 1, 2012, with applicable payroll taxes withheld. Said compensation shall be paid in accordance with normal City payroll procedures.

b. Health Benefits: City shall provide HILDENBRAND with fully paid medical, dental and life insurance, as currently available to City employees, for his and his immediate family (spouse and dependent children) and pay all premiums therefore.

c. Public Employees Retirement System: The CITY shall enroll HILDENBRAND in the City's Public Employees' Retirement System (PERS) and pay on behalf of HILDENBRAND the "employer's share" of the PERS costs. HILDENBRAND shall pay the equivalent "employee's share" of the PERS costs as required of other CITY employees. HILDENBRAND shall automatically be entitled to the highest PERS benefits, whether new or amended, as any CITY employee should the CITY ever adjust such employee's benefits.

Calculations for retirement contributions as reported to PERS shall include all monthly compensation that is normally reportable to the IRS and the employer paid member PERS contribution. These amounts shall be reported to PERS to the extent allowable by PERS. In the event the CITY voluntarily joins or is required by law to join the Federal Social Security System, HILDENBRAND shall be treated in the same matter as all of CITY'S employees.

d. Deferred Compensation: During the time of this Agreement, the CITY shall provide access to HILDENBRAND and HILDENBRAND shall be eligible to participate in a "457" deferred compensation plan maintained by CITY (such as, for example, the International City Management Association Retirement Corporation ("ICMARC")), as provided in the applicable plan document. HILDENBRAND will not receive CITY contributions to deferred compensation unless such benefit is provided to other employees of the CITY.

e. Vacation and Sick Leave: HILDENBRAND shall be entitled to immediate payoff of his present vacation and sick leave balances at his current rate as Assistant City Manager. Commencing on July 1, 2012, HILDENBRAND will immediately begin accruing vacation and sick leave as City Manager which is "cashable" in accordance with City policy and this Agreement. The amount of HILDENBRAND's vacation and sick leave will be capped per CITY policy.

f. Reimbursement of Expenses: CITY shall reimburse HILDENBRAND for reasonable and ordinary business expenses incurred by HILDENBRAND in the performance of this Agreement, provided such expenses have been authorized by the City Council in the City's budget.

g. Equipment: CITY will provide all equipment necessary for completion of HILDENBRAND's duties including, but not limited to, a cellular telephone, a computer, and such other communication devices deemed necessary for the conduct of CITY's business.

h. Increases Consistent with Other CITY Employees: HILDENBRAND shall automatically be entitled to receive, at a minimum, the same benefits, and level of benefits, whether new or amended, as any CITY employee. However, the City Council maintains the right, through specific contract provisions, to give higher or additional benefits to HILDENBRAND as it may deem appropriate.

i. Salary Increase: Six (6) months from July 1, 2012, HILDENBRAND's salary shall rise to a base annual salary of \$110,000. Eighteen (18) months from July 1, 2012, HILDENBRAND's salary shall rise to a base annual salary of \$120,000. These salary increases shall automatically occur unless prior to such increase the City Council votes by a four-fifth (4/5) vote of the total membership of the entire City Council to not approve the salary increases.

j. Education Loan: CITY shall provide at HILDENBRAND's request a one-time \$10,000 loan to be used for education expenses pertaining to a Master's Degree. If HILDENBRAND terminates this Agreement and leaves employment with CITY before four (4) years from the date of this Agreement, said loan shall become due and payable immediately without interest by HILDENBRAND to CITY. If CITY terminates Agreement without cause or HILDENBRAND remains employed with CITY for four (4) years from the date of this Agreement, said loan shall be forgiven and not due or payable.

4. SEVERANCE. HILDENBRAND and the CITY agree that, except as otherwise provided herein, CITY may terminate the employment of HILDENBRAND at any time for any reason. In the event the CITY terminates HILDENBRAND's employment without cause, HILDENBRAND shall be compensated as follows:

a. Payments Following Termination.

CITY shall pay HILDENBRAND:

- 1) If there is at least twelve (12) months remaining on the term of the Agreement, the payment shall be twelve (12) months of compensation as set forth in Section 3, to be paid as a single lump sum. If there is less than twelve (12) months remaining on the term of the Agreement, the payment shall be the amount of compensation for the remaining term of the Agreement as set forth in Section 3, to be paid as a single lump sum; and
- 2) For the same time period as allowed in Section 4(a)(1) outlined above, the cost of "COBRA" medical benefits as they occur. If HILDENBRAND becomes employed within such time period and obtains health care benefits, the CITY's obligation in this subparagraph shall cease.

Notwithstanding the foregoing, if the City Council of CITY terminates HILDENBRAND's employment due to HILDENBRAND's misconduct as defined in this Section, CITY shall not make the severance payment provided in this Section to HILDENBRAND. Misconduct means: HILDENBRAND's conviction (including pleas of *nolo contendere*) of any felony or of a misdemeanor involving moral turpitude at any time (except minor traffic offenses), gross negligence, misappropriation of CITY funds, willful destruction of CITY property, habitual intoxication on duty whether by alcohol or other drugs, inexcusable absences without leave, unlawful retaliation against any CITY employee or official or member of the general public who in good faith report any actual or suspected violations of any law pertaining to the CITY, and malfeasance.

If HILDENBRAND terminates his employment, the CITY shall not make the severance payment provided in this Section to HILDENBRAND.

5. PERFORMANCE EVALUATION. The City Council shall review and evaluate the performance of HILDENBRAND once a year prior to March 31st of each year. It shall be HILDENBRAND's responsibility to timely agendize this evaluation after consulting with the

Mayor. The City Council shall provide HILDENBRAND with a summary of the findings of the City Council and provide HILDENBRAND with adequate opportunity to discuss the evaluation with the City Council. Notwithstanding the foregoing schedule, CITY reserves the right for the Mayor or City Council to agendize an evaluation of HILDENBRAND at any time.

6. INDEMNIFICATION. CITY shall defend, hold harmless, and indemnify HILDENBRAND against any tort, professional liability claim or demand or other legal action, whether groundless or otherwise, arising out of this Agreement, or any alleged act or omission occurring in the course and scope of performance of HILDENBRAND's duties in accordance with the provisions of the California Government Code Section 825.

7. BONDING. CITY shall bear the full cost of any fidelity or other bonds required of HILDENBRAND under any law or ordinance.

8. ENTIRE AGREEMENT. This Agreement is the complete and final expression of the Parties' agreement related to the matters covered herein. This Agreement contains the entire agreement and understanding between the Parties and contains all of the terms and conditions of the Parties' agreement. This Agreement supersedes all prior or contemporaneous oral or written negotiations, discussions, representations, or agreements between the Parties, if any. No amendment, alteration, extension, or modification of this Agreement shall be binding unless in writing and duly executed by both CITY and HILDENBRAND.

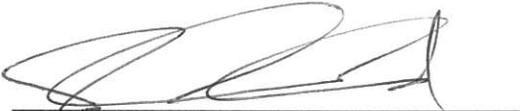
9. GOVERNING LAW. This Agreement will be governed by and construed in accordance with the laws of the State of California.

10. NO WAIVER. No Party's failure to enforce any provision(s) of this Agreement will be construed in any way as a waiver of such provision(s), nor prevent that Party from enforcing each and every other provision of this Agreement.

11. PARTIAL INVALIDITY. The invalidity or unenforceability of any provision(s) of this Agreement will not affect the validity or enforceability of the other provision(s) hereof.

12. HEADINGS. Section headings used in this Agreement are for convenience only and shall not be considered part of the terms of this Agreement.

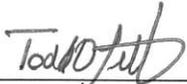

MAYOR BRAD REESE


JARAD HILDENBRAND

ATTEST:


CITY CLERK OR DESIGNEE

APPROVED AS TO FORM:


TODD LITFIN, CITY ATTORNEY