SECOND AMENDMENT TO
CITY MANAGER EMPLOYMENT AGREEMENT

This second Amendment to City Manager Employment Agreement is entered into on May 14, 2015 with an effective date of June 21, 2015, by and between the City of Capitola, a municipal corporation (hereinafter referred to as "City"), and Jamie Goldstein, an individual (hereinafter referred to as "Employee"), and is intended to amend that particular City Manager Employment Agreement dated February 12, 2010 subsequently modified by an undated "First Waiver" that went into effect as of June 4, 2010 (hereinafter collectively referred to as the "Original Agreement").

1. Section 9.A of the Original Agreement is hereby amended to read as follows:

   A. The City participates in the California Public Employees' Retirement System (PERS). Benefits provided are detailed in separate publications. The City agrees to provide 2.5% at 55 Retirement Plan for the Employee

   Effective June 21, 2015, the Employee will contribute 11.292% of their reportable salary to PERS.

   Effective the first full pay period in July 2016, the Employee will contribute 11.292% of their reportable salary to PERS plus an additional percentage as outlined below. If the Pay Increase specified in Section 6.D of the Original Agreement is 3.0% or less, the Employee will contribute an additional 1% of their reported salary to PERS. If the Pay Increase is greater than 3.0% the employee will contribute an additional 1% plus the amount greater than 3.0% to PERS. For example, if the Pay Increase on July 1, 2016 was 2.8%, the Employee would contribute 12.292% (11.292% + 1%) starting July 1, 2016. If the Pay Increase was 3.2% the Employee would contribute 12.492% (11.292% + 1.2%) starting July 1, 2016.

   Effective the first full pay period in July 2017, the Employee will contribute to PERS the amount effective June 30, 2017, plus an additional percentage as outlined below. If the Pay Increase specified in Section 6.D of the Original Agreement is 3.0% or less, the Employee will contribute an additional 1% of their reported salary to PERS. If the Pay Increase is greater than 3.0%,the employee will contribute an additional 1% plus the amount greater than 3.0% to PERS.

The Employee	City of Capitola
Jamie Goldstein, City Manager	Dennis Norton, Mayor
Dated: 5/8/15	Dated: 6-2-2015

FIRST AMENDMENT TO

CITY MANAGER EMPLOYMENT AGREEMENT

This first Amendment to City Manager Employment Agreement is entered into on 7/1, 2012 with an effective date of 7/1/12, 2012, by and between the City of Capitola, a municipal corporation (hereinafter referred to as "City"), and Jamie Goldstein, an individual (hereinafter referred to as "Employee"), and is intended to amend that particular City Manager Employment Agreement dated February 12, 2010 subsequently modified by an undated "First Waiver" that went into effect as of June 4, 2010 (hereinafter collectively referred to as the "Original Agreement").

1. Section 7.A.2 of the Original Agreement is hereby amended to read as follows:

   "2. Vacation – Cap. If Employee has accumulated more than 360 hours of vacation as of the last pay period in April of any year, he shall be paid in cash at a rate equal to 100% of his current hourly pay rate for all hours in excess of 360. The payment will be included with the paycheck for the first pay period in May."

2. Section 7.J is hereby added to the Original Agreement to read as follows:

   "J. Personal Holidays. Employee is entitled to three (3) personal holidays per calendar year. Unused personal holidays are not cumulative."

3. Section 9.A of the Original Agreement is hereby amended to read as follows:

   "A. PERS Retirement. Employee shall be authorized to participate in the City's Public Employees Retirement System (PERS) operated by the State of California. Benefits (including 2.5% at 55 and the single highest year option) provided are detailed in separate publications. The provisions of Resolution No. 3627 regarding employer-paid member contributions and the reporting thereof are applicable to Employee.

   Employee is required to pay any PERS cost amount in excess of the 16.488% cap."

4. Section 9.E is hereby added to the Original Agreement to read as follows:

   "E. The City shall make contributions to a 457 Deferred Compensation Account (or equivalent account as approved by the City Attorney and Employee) in an amount equal to 8.267% of employee's regular salary (not including Flex Credit, cell phone allowance, or other compensation.)"

5. Except as hereinabove stated, all other terms and conditions of the Original Agreement remain in full force and effect, are hereby re-stated and are hereby incorporated herein by reference as if fully set forth.

IN WITNESS WHEREOF, the parties have executed this First Amendment to the City Manager Employment Agreement the day and year written above.

Dated: _____

CITY OF CAPITOLA

By: _____
Michael Termini, Mayor

Dated: _____

EMPLOYEE

By: _____
Jamie Goldstein

Approved as to Form

_____ 6-28-12
John G. Barisone, City Attorney

CITY MANAGER EMPLOYMENT AGREEMENT

THIS AGREEMENT is entered into as of July 12, 2010, by and between the City of Capitola, a California municipal corporation (hereinafter "Employer" or "City"), and Jamie Goldstein (hereinafter "Employee"), with reference to the following recitals:

WHEREAS, Employee has been employed by Employer since October 2008 in the "at-will" position of Community Development Director for the City of Capitola;

WHEREAS, Employer now desires to employ Employee in the "at will" position of City Manager for the City of Capitola, as provided for in the Capitola Municipal Code;

WHEREAS, it is the desire of the Capitola City Council (hereinafter "Council") to provide certain benefits and to establish certain conditions of employment for Employee as City Manager;

WHEREAS, it is the further desire of the Council to: (1) secure and retain the services of Employee as City Manager and to provide inducement for him to remain in such employment; (2) to maximize Employee's productivity by assuring Employee's morale and peace of mind with respect to future job security; (3) to create a deterrent against malfeasance or dishonesty for personal gain on the part of Employee; and (4) to provide a just means for terminating Employee's services as City Manager at such time as Employee or Employer may so desire; and

WHEREAS, Employee desires to continue employment with Employer in the "at will" position of City Manager for the City of Capitola;

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the Employee and Employer agree as follows:

Section 1. Duties

City agrees to employ Employee as City Manager of City on an "at-will" basis to perform the city manager functions and duties specified in the Capitola Municipal Code and California Government Code, and to perform other legally permissible and proper duties and functions as the Council may assign from time to time. In addition, Employer agrees that Employee shall serve as Executive Director for the Capitola Redevelopment Agency.

Section 2. Term

A. This Agreement shall take effect on July 12, 2010. Thereafter the Council may terminate the services of Employee at any time, subject to the provisions set forth in Sections 4 or 5 of this Agreement and any applicable local, State or federal laws, rules, regulations, or applicable court decisions or rulings.

B. Employee agrees to remain in the exclusive employment of City and not to become employed by any other employer until this Agreement is terminated. The term "employed" shall not be construed to include occasional teaching, writing, or consulting with the prior permission of the Council.

C. The Agreement shall remain in force and effect until this Agreement is terminated as provided for in Sections 4 or 5 of this Agreement.

Section 3. Suspension

The Council may, in the exercise of its discretion, suspend Employee with pay and benefits at any time during the term of this Agreement, if after a public hearing or closed session and an opportunity for Employee to be heard, a majority of Council votes to suspend Employee. Upon further investigation by the Council and a further opportunity for Employee to be heard, the Council may suspend Employee without pay or benefits should the Council find that Employee committed any of the offenses set forth in Section; 4.B below, otherwise violated any City, State or federal statute, rule regulation or policy or otherwise engaged in malfeasance or misconduct, and upon said finding a majority of the Council votes to suspend Employee without pay.

Section 4. Termination

A. With severance compensation. The Council may, in the exercise of its discretion, terminate Employee's employment with or without cause. However, Employee's employment may not be terminated pursuant to this Subsection A within ninety (90) days of a general municipal election at which one or more City Council members are elected or re-elected to office. If Employee is terminated, or if Employee resigns following a request by a majority of the Council at a public meeting or closed session that he resign, during a time that Employee is otherwise willing and able to perform his duties under this Agreement, then Employer agrees to provide sixty days written notice of termination or to accept Employee's written resignation effective sixty days from the date of Employee's resignation letter, and to make severance payments as follows (in addition to compensation for certain accrued benefits as hereinafter provided) to Employee beginning at the conclusion of said sixty-day period.

Number of full years of completed employment	Number of months of severance pay
Less than two	9 months
Two or more	12 months

"Severance pay" includes salary as set forth in Section 6, insurance premiums as set forth in Section 9, and flexible spending plan contributions as set forth in Section 9. No vacation, sick leave, administrative leave, or any other leave time shall accrue during the severance pay period, nor shall PERS contributions be made. Severence pay may be paid, at the option of the Employee, in (1) lump sum upon date of termination; (2) lump sum on January 1 of the calendar year following termination; or (3) four equal monthly

installments. Such payment will release City from any further obligations arising out of the employment.

B. Without severance. Employee may be immediately discharged without severance payments (but without loss of accrued benefits as hereinafter set forth) for any of the following:

(i) Conviction of a felony.

(ii) Conviction of any criminal offense involving Employee's illegal personal gain;

(iii) Willful misconduct in the performance of Employee's duties as City Manager.

C. If City, at any time during the term of this Agreement, reduces the salary or other financial benefits of Employee in a greater percentage than an across-the-board reduction for City department heads; or in the event Employer refuses, following written notice, to comply with any other material provision of this Agreement benefiting Employee herein; or if Employee resigns following a request by a majority of the Council at a public meeting or closed session that he resign; then in that event, Employee may, at Employee's option, be deemed to be terminated as of the date of such salary reduction or such refusal to comply for purposes of the severance pay provisions set forth in Subsection A above.

D. In the event Employee voluntarily resigns his position with City, Employee shall provide City a minimum of sixty (60) days written notice of resignation, unless the parties otherwise agree.

E. For purposes of Subsection A, this Agreement will be deemed to have been terminated should any of the following occur:

1. The majority of the Council votes to terminate Employee as authorized in Subsection A at a duly authorized public meeting or closed session.

2. The Employer, citizens or Council act to amend any provision of the Capitola Municipal Code pertaining to the role, powers, duties, authority, or responsibilities of the City Manager so as to substantially change the form of Capitola city government, and the Employee within thirty (30) days thereafter provides written notice to Employer that Employer has thereby terminated this Agreement.

3. The Employer reduces or citizens vote to reduce the base salary, compensation or any other financial benefit to the Employee, unless it is applied in no greater percentage than the average reduction of all other City department heads, and the Employee within

thirty (30) days thereafter provides written notice to Employer that Employer has thereby terminated this Agreement.

4. A breach of contract is declared by either Employee or Employer in writing provided that a thirty-day cure period is extended by the non-breaching party to the breaching party and the breaching party fails to cure the breach within said thirty-day cure period.

F. Should this Agreement be terminated pursuant to Subsection A prior to January 1, 2012, Employee, prior to the effective date of termination, shall have the option to terminate the employment of the then-current Community Development Director, reinstate his Capitola Community Development Director's contract and resume his employment as Capitola Community Development Director with the salary and benefits that were in place for that position as of July 11, 2010.

Section 5. Disability

If Employee is unable to perform his duties because of sickness, accident, injury, mental incapacity, or poor health for a period of four consecutive months, at the conclusion of such four-month period the Council shall have the option to terminate this Agreement. If Employee is thereby terminated because of disability, he shall be compensated in a lump sum for any benefits which accrue per Sections 5, 6 and 9 of this Agreement. However, Employer shall have no obligation to make severance payments pursuant to Section 4.A of this Agreement.

Section 6. Salary

A. Beginning upon Employee's first day of employment as City Manager, July 12, 2010, Employee shall be paid a base monthly salary of $11,917. As it is expected the City's furlough program will be continued through the 2010/11 fiscal year, Employee's base monthly salary of $11,917 as of July 12, 2010, shall be reduced by 4.6% to a furlough monthly salary of $11,369.

B. Beginning July 1, 2011, Employee's base monthly salary shall be increased to $12,500. Should the City's furlough program be continued into the 2011/12 fiscal year, Employee's base monthly salary of $12,500 as of July 1, 2011, shall be reduced by 4.6% to a furlough monthly salary of $11,925.

C. Employee shall receive the same benefits from the furlough program, such as furlough time off, in the same manner as other employees participating in the City's furlough program.

D. Beginning July 1, 2012, Employee's base monthly or furlough monthly salary shall be annually increased by a percentage corresponding to the previous year's (May through April) percentage increase in the San Francisco-Oakland all consumers Consumer Price Index ("CPI"). Any other salary adjustments following the July 1, 2012 salary adjustment called for in Subsection B shall be subject to negotiation between

Employee and the Council.

E. Should at any time during the term of this Agreement the City adopt a reduced work schedule in lieu of a furlough program for non-safety employees (e.g. a permanent four-day/36-hour work week with a corresponding ten percent salary reduction), Employee shall work the same reduced work schedule and receive the same corresponding salary reduction.

Section 7. Leave/Holidays/Furlough

A. VACATION.

1. Commencing on July 12, 2010 Employee will accrue vacation at the rate of 17 days per year (1.4 days per month). Commencing on July 1, 2013 Employee will accrue vacation at the rate of 22 days per year (1.8 days per month). Commencing on July 1, 2023 Employee will accrue vacation at the rate of 27 days per year (2.25 days per month). Employer acknowledges that as of July 12, 2010, Employee has accumulated 165.98 vacation hours to which Employee shall remain entitled subject to the provisions of this Subsection A. These hours will also be subject to accrual and use until Employee assumes the position of City Manager, at which time the balance as may have been properly adjusted will transfer to Employee's benefit as City Manager.

2. Employee may accumulate a maximum of thirty vacation days (240 hours). If Employee has accumulated more than thirty vacation days (240 hours) as of the last pay period in April of any year, Employee shall then be paid in cash at a rate equal to 100% of his current monthly pay rate for vacation hours in excess of 240 up to a maximum of eighty (80) such excess vacation hours. Any such "cash out" payment will be included with the paycheck for the first full pay period in May. Employee shall discontinue accumulating vacation days, should accumulated vacation hours reach the 240 hour maximum and the maximum 80 hour cash out not decrease vacation hours below the 240 hour maximum.

3. Upon termination of this Agreement, except as set forth in Section 4.F above (where Employee upon termination resumes employment as the City's Community Development Director), Employee shall be paid for all accumulated vacation to the date of Employee's separation from service to the City, at a rate equal to 100% of his current monthly pay rate.

B. SICK LEAVE. Sick leave shall accumulate at the rate of twelve days per year (8 hours per month; 96 hours per year). Employee shall not be entitled to "cash out" unused sick leave. Sick leave may be used by Employee for any of the purposes set forth in pertinent State or federal statutes or regulations. Employer acknowledges that as of the end of the pay period January 23, 2010, Employee has accumulated 93.93 hours of sick leave to which Employee shall remain entitled subject to the provisions of this Subsection. These hours will also be subject to accrual and use until Employee assumes the position of City Manager, at which time the balance as may have been properly adjusted will transfer to Employee's benefit as City Manager.

C. BEREAVEMENT LEAVE. Leave of absence with pay because of a death in Employee's immediate family shall be granted for a period not to exceed three days. Entitlement to a bereavement leave of absence under this Subsection shall be in addition to any other entitlement for leave provided for in this Agreement. For purposes of this Subsection "immediate family" means mother, step-mother, father, step-father, husband, wife, domestic partner as defined by the State of California, son, step-son, daughter, step-daughter, brother, sister, foster parent, foster child, brother-in-law, sister-in-law, mother-in-law, father-in-law, grandparents, and any individual to whom Employee is serving in loco parentis.

D. FAMILY & MEDICAL LEAVE. With respect to Employee's employment hereunder, the City shall follow the provisions governing family leave as specified in the federal Family Medical Leave Act of 1993 and the California Family Rights Act as those Acts apply to public employees.

E. LEAVE OF ABSENCE WITHOUT PAY. A leave of absence without pay may be granted by the Council, in its sole discretion, upon the request of Employee; however no such leave of absence may be for longer than one year.

F. JURY DUTY. Leave of absence with pay shall be granted by City to Employee while Employee serves on jury duty. Time spent commuting from home to jury duty or vice versa is not compensable. Time spent traveling from court to City Hall or vice versa is compensable. Any jury fee paid to Employee shall be deposited with the City Treasurer.

G. HOLIDAYS/FURLOUGHS.

1. Employee shall be granted twelve (12) holidays annually. The holidays to be observed are set forth below. To the extent that the City's bargaining unit MOU's should in the future be amended to revise the City's holiday schedule, this Agreement shall be deemed automatically amended to reflect the revised holiday schedule.

Independence Day
Labor Day
Columbus Day
Veterans' Day
Thanksgiving Day
Friday Following Thanksgiving
Christmas Day
New Year's Day
Martin Luther King Day
Lincoln's Birthday
Presidents' Day
Memorial Day

Holidays listed above occurring on a Saturday shall be observed on Friday. Holidays listed above occurring on a Sunday shall be observed on Monday.

In addition, when City Hall is closed for one week during the Christmas holidays Employee shall be permitted to use vacation, administrative leave or sick leave in order not to lose compensation.

H. ADMINISTRATIVE LEAVE. Beginning on July 12, 2010, Employee shall accrue ten (10) days (eighty hours) administrative leave annually which shall be awarded on July 1 of each year, the first such award to occur July 1, 2011. Employee may accrue a maximum of 240 hours of administrative leave. Employee shall not be entitled to "cash out" unused administrative leave. Employer acknowledges that as of the end of the pay period January 23, 2010, Employee has accumulated 80 hours of administrative leave which Employee shall remain entitled to subject to the provisions of this Subsection. These hours will also be subject to accrual and use until Employee assumes the position of City Manager, at which time the balance as may have been properly adjusted will transfer to Employee's benefit as City Manager.

I. In the event of Employee's termination of employment under this Agreement, none of the foregoing leaves shall continue to accrue following the date of employment termination or during any severance pay period.

Section 8. Business Expenses

A. Employer agrees to budget and pay for professional dues and subscriptions necessary for Employee's continuation and full participation in national, regional, state, and local associations, and organizations necessary and desirable for Employee's continued professional participation, growth, development and advancement, and for the good of Employer.

B. Employer agrees to budget and pay for travel and subsistence expenses of Employee for professional and official travel, meetings, short courses, institutes, seminars and other educational conferences so as to adequately continue Employee's professional development and Employee's participation in necessary official functions on Employer's behalf, including but not limited to the ICMA Annual Conference, the League of California Cities Annual Conference and City Manager Meetings, and such other national, regional, state, and local governmental groups and committees in which Employee may serve as a member relative to the Employee's employment as a city manager.

C. Mileage Reimbursement. When Employee is required to use his personal vehicle while on City business, Employer will reimburse Employee at the Internal Revenue Service mileage rate then in effect.

Section 9. Benefits

A. PERS Retirement.

Employee shall be authorized to participate in the City's Public Employees Retirement System (PERS) operated by the State of California. Benefits (including 2.5% at 55 and the single highest year option) provided are detailed in separate publications. The City shall pay Employee's share of the PERS retirement contributions.

B. Insurance.

The City will provide Employee with a policy of term life insurance in the amount of $50,000 and a policy of long-term disability insurance. Employer shall pay for all insurance premiums necessary to keep these policies in effect.

D. Flexible Spending Arrangement Contributions.

Employer shall make flexible spending arrangement ("Flex Plan") contributions on behalf of Employee. Should Employee select health coverage through PERS, from the monthly Flex Plan contribution set forth herein, $97 per month will be paid to PERS for what is sometimes referred to as the "employer contribution". The monthly Flex Plan contribution paid by the City pursuant to this Subsection 9.D shall be $650.

Should Employee verify to the City's satisfaction that: he has equivalent health coverage for medical (including dental & vision) provided through his spouse, which will remain in effect until the next enrollment date; or should Employee purchase a PERS Health Plan and dental and vision coverage, but not use the entire monthly contribution, Employee may then use the remaining contribution funds to purchase benefits other than medical (including dental & vision) coverage or, alternatively, may receive that amount in cash. If a cash payment is elected, it will not be included in Employee's compensation for purposes of the City's PERS retirement plan.

The City reserves the option of adding additional programs to the cafeteria plan as they may become available.

Should during the term of this Agreement any non-safety City MOU be enacted or amended to provide for City Flex Plan contributions in an amount other than $650 or otherwise revise the MOU's Flex Plan provisions, this Agreement shall be deemed automatically amended to reflect that new Flex Plan contribution or revision.

Section 10. Hours of Work

Employee shall devote all of his employment time to his position as City Manager and shall generally work normal office hours. It is recognized that Employee must devote substantial time outside normal office hours to City business or related City business activities, meetings and functions, and to that end Employer acknowledges that Employee will need to exercise a flexible work schedule.

Section 11. Outside Activities

Outside activities shall not interfere with the performance of Employee's duties under this Agreement.

Section 12. Performance Evaluation

A. The Council shall review and evaluate Employee's performance at least once annually on a date to be determined by the Council. The Council shall provide Employee with an adequate opportunity to discuss his evaluation in closed session.

B. Annually, the Council, after consulting with Employee, shall define such goals and performance objectives which it determines are necessary for the proper operation of the City and the attainment of the Council's policy objectives, and shall further establish a relative priority among those various goals and objectives. The goals and objectives shall be reduced to writing, and shall generally be attainable within the specified time limitations and within the annual operation and capital budgets and appropriations adopted by the Council.

Section 13. Indemnification

A. Except as provided in Government Code Section 995.2, City shall provide a legal defense to Employee including but not limited to legal counsel in: a) any civil action or proceeding described in Government Code Section 995; b) any administrative action or proceeding described in Section 995.6; or any criminal action or proceeding described in Government Code Section 995.8. "Proceeding" as used in this section is applicable to situations where a claim or action is threatened, but not filed, if a reasonable, prudent person would consult or retain counsel in response to the possibility of potential civil, administrative, or criminal action. If City pays for a defense, but a court or tribunal issues a final ruling that would, under Section 995.2, preclude City payments for defense, Employee shall immediately reimburse City, and if he fails to do so, City may offset any such amounts against compensation otherwise due Employee under this Agreement.

B. The City shall provide and pay for the costs of any surety or other bonds required of the Employee.

Section 14. Fair Labor Standards Act-Exempt

Employee's employment as City Manager is covered by appropriate sections of the Fair Labor Standards Act of 1935, and is specifically subject to Rule No. 54.118 (salaried executive employees are not paid at a higher rate for what might otherwise be labeled "overtime"; correspondingly, their salary is not reduced "for any week in which (s)he performs any work without regard to the number of days or hours worked." Accordingly, bi-weekly time sheets will not result in adjustments to the compensation for the period, but will be used merely for a yearly evaluation of whether the City Manager's position is, after factoring in administrative leave, over or under-staffed. However,

Employee's time off for sick leave purposes shall be reported and reflected in accumulated sick leave calculations.

Section 15. Residence

The Council hereby acknowledges that Employee resides in the City of Santa Cruz. In accordance with Capitola Municipal Code Section 2.08.020, the City's execution of this agreement shall constitute the Council's approval of Employee's continued residence outside of the City.

Section 16. Other Terms and Conditions of Employment

The Council, in consultation with the Employee, may fix any such other terms and conditions of Employee's employment, provided any such additional terms or conditions do not conflict with the provisions of this Agreement.

Section 17. Notices

Notices pursuant to this Agreement shall be given in person or by U.S. mail addressed as follows:

Employee: Jamie Goldstein
320 Moore Street
Santa Cruz, CA 95060
(831) 477-6501

City: Capitola City Council
420 Capitola Avenue
Capitola, CA 95010
(831) 475-7300

The parties shall advise each other of any change in address or phone number.

Section 18. General Provisions

A. This Agreement constitutes the entire agreement between the parties.

B. Both parties shall comply with all applicable City, State and federal laws.

C. Employee will not be required or expected to violate any City, State or federal laws, rules, regulations, or resolutions.

D. This Agreement shall be binding upon and inure to the benefit of the heirs and executors of Employee.

E. This Agreement shall be administered and interpreted in accordance with California law.

IN WITNESS WHEREOF, the City of Capitola has caused this Agreement to be signed and executed on its behalf by its Mayor whose signature is duly attested to by its City Clerk, and the Employee has signed and executed this Agreement, both in duplicate, on or before February 12, 2010 in Capitola, California.

This Agreement will take effect on July 12, 2010.

CITY OF CAPITOLA

By: _____
Sam Storey, Mayor

EMPLOYEE

By: _____
Jamie Goldstein

Approved as to Form

_____ 2-25-10
City Attorney

CITY MANAGER EMPOLYMENT AGREEMENT

FIRST WAIVER

WHEREAS, on February 11, 2010 the City of Capitola (CITY) and Benjamin (Jamie) Goldstein (EMPLOYEE) entered into an City Manager Employment Agreement (AGREEMENT).

WHEREAS, Section 4(F) of the Agreement states:

F. Should this Agreement be terminated pursuant to Subsection A prior to January 1, 2012, Employee, prior to the effective date of termination, shall have the option to terminate the employment of the then-current Community Development Director, reinstate his Capitola Community Development Director's contract and resume his employment as Capitola Community Development Director with the salary and benefits that were in place for that position as of July 11, 2010.

NOW, THEREFORE, with the execution of this agreement/waiver, Section 4(F) of the AGREEMENT is removed from the AGREEMENT and no longer a part of the AGREEMENT, and at no time will EMPLOYEE in his capacity as City Manager be able to dismiss or terminate the Community Development Director for the sole purpose of resuming his employment as the Capitola Community Development Director.

This Waiver will take effect on June 4, 2010.

CITY OF CAPITOLA

By: _____

Rich Hill, City Manager

EMPLOYEE

By: _____

Jamie Goldstein