

## **SEPARATION AGREEMENT AND MUTUAL GENERAL RELEASES**

This SEPARATION AGREEMENT AND MUTUAL GENERAL RELEASES (hereinafter referred to as the "Agreement") is entered into by and between Cathy Hanson ("Hanson") and the City of Manhattan Beach, a municipal corporation ("City"). Hanson and the City are sometimes referred to hereinafter as the "Parties."

### **RECITALS**

A. Hanson is employed as the Director of Human Resources for the City. Hanson has been employed by the City since August 2007.

B. The position of Director of Human Resources is exempt from the classified service and is included in the unclassified service of the City. As a result, Employee is an at-will employee, serving at the pleasure of the appointing authority. Either Employee or Employer may end the employment relationship at any time, with or without cause.

C. City and Hanson have discussed their current employment relationship and their future plans and goals, and Hanson has expressed her desire to pursue other employment. Hanson desires to end the employment relationship by her voluntary resignation, subject to certain conditions as set forth in this Agreement.

D. When senior executives such as Hanson choose to separate from employment, the best practice is to negotiate a structured settlement. In order to aid Hanson in her transition from City employment to alternate employment, the City is willing to provide Hanson with a severance package, as described in this Agreement.

E. The severance package set forth in this Agreement represents the negotiation of a satisfactory agreement unique to Hanson, and shall not constitute any kind of past practice or course of conduct between the City and any other employee, or any bargaining unit, with regard to termination or resignation of employees.

F. The City and Hanson desire to amicably resolve and settle any and all controversies, disputes, or claims that exist, or may exist, between them, as indicated in Section VI hereinafter.

NOW, THEREFORE, in consideration of the foregoing recitals and of the mutual promises and covenants hereinafter set forth, the Parties hereto agree as follows:

## **I. CONCLUSION OF EMPLOYMENT**

A. By her signature below, Hanson voluntarily and irrevocably resigns her employment with City effective at the close of business on February 27, 2015. City accepts Hanson's resignation and agrees that Hanson's resignation shall be in good standing. Notwithstanding the resignation in good standing, Hanson expressly and irrevocably waives re-employment, reinstatement, and future employment rights, if any.

B. By virtue of her execution of this Agreement, Hanson acknowledges and agrees that her resignation is a voluntary act, that there was no coercion in such regard by the City and that she has fully discussed with her counsel the impact upon her of her voluntary resignation and has had ample opportunity to engage in such discussion.

C. Hanson further acknowledges and agrees that upon execution of this Agreement by the City Manager, the resignation is deemed accepted by the City, subject to the provisions of Section VII.

D. In lieu of resignation and if eligible under City's retirement plan with PERS, Hanson may, at her option, retire from employment with an effective date no later than the day following the effective date of resignation provided in Section II. Under no circumstances will Hanson's last work day be later than the effective date of resignation provided in Section II. Should Hanson choose to retire, she agrees to take all steps necessary to make timely application for retirement and take all other steps necessary to make her retirement effective on or before the required date. However, nothing herein shall prevent Hanson from resigning, as provided in this Agreement, and electing retirement effective on a later date, subject to any limitations that may apply to such later retirement date under the normal laws, rules and procedures.

E. Hanson shall not seek future employment, reinstatement and/or re-employment with any Department of the City. Hanson waives all rights, if any, to seek re-employment, reinstatement, or future employment with City, whether in her former position of Director of Human Resources, or any other.

F. Included within Hanson's general personnel file shall be this Agreement and a City personnel action form indicating Hanson's separation from employment by means of resignation and the notation that she is not subject to re-hire.

## **II. EFFECTIVE RESIGNATION DATE**

Hanson's resignation date shall be February 27, 2015.

## **III. JOB REFERENCES AND FUTURE RELEASE OF INFORMATION**

A. Inquiries from Hanson's prospective employers performing background investigations shall only be responded to with information of the dates of Hanson's employment, her job title and her salary at the time of separation.

B. Except as described in Paragraph A above, any and all information contained within Hanson's personnel file(s) shall only be divulged in the following circumstances:

(1) Pursuant to subpoena, Public Records Act requests or other process served in the course of administrative, civil or criminal proceedings (the City shall have no duty to quash or otherwise oppose any such discovery demand.)

(2) In the course of defense by the City of proceedings (whether administrative, quasi-administrative, civil or criminal) to which the City or Hanson is a party or real party in interest. Said file shall be subject to use by the City in such circumstances, without the necessity of the undertaking by the City of any discovery-related proceedings.

#### **IV. COMPENSATION AND BENEFITS**

In the event Hanson does not revoke this Agreement pursuant to Section VII, City shall:

A. Pay Hanson \$79,110.00, which constitutes an amount equal to six months of her base salary.

B. Pay Hanson for the following benefits as follows:

1. Car allowance: \$2400.00
2. Dental insurance allowance: \$420.00
3. Compensation in lieu of City contribution for vision insurance: \$46.50
4. Compensation in lieu of City contribution for PERS Choice: \$3,405.72
5. Compensation in lieu of 125 flex spending plan administrative fee: \$35.10
6. Compensation in lieu of City payment of accidental D&D premium: \$35.64
7. Compensation in lieu of City contribution for life insurance: \$185.16
8. Compensation in lieu of City payment of LTD premium: \$483.00

C. City will make direct contributions on her behalf as follows:

1. 401a contribution: \$3559.98
2. Retirement health savings contribution: \$1582.26.

D. Pay Hanson for all of her accrued but unused general leave time accrued as of February 28, 2015 in the amount of \$24,082.91 (316.60 hours X Hanson's final hourly rate of \$76.0673 = \$24,082.91).

E. Mail all bank drafts to Hanson at her last known mailing address or to any other address requested by her, upon provision to the City of written notice of the same.

All distributions made by the City to Hanson shall be subject to mandated federal, state and local withholdings.

Except as provided in this Agreement, Hanson agrees that she is owed no other salary, accrued leave time, wages or benefits, including any cash equivalent or conversion and that no other payment is due her arising from or in any manner related to her employment with the City.

## **V. RETURN OF PROPERTY AND EQUIPMENT**

A. Hanson represents that the only equipment and property belonging to the City she has are City ID, parking pass, keys, WIFI card, cell phone and charger cable, and iPad and charger cable. She shall return such items, and any other City equipment and property, on or before March 13, 2015.

B. The City will return any property belonging to Hanson that remains on the City's premises, provided Hanson provides information sufficient to identify and locate such property, at a mutually convenient time.

## **VI. RELEASE**

### **A. Hanson's Release.**

(1) Hanson does hereby, and for her heirs, beneficiaries, legal representatives, agents, successors in interest and assigns, in consideration of the mutual covenants and promises contained herein, knowingly and voluntarily fully release and discharge, irrevocably and unconditionally release, acquit and forever discharge the City, and each of its present and former City Council members, officers, employees, agents, representatives, assigns, employees, administrators, trustees, insurers, attorneys, heirs, dependents, beneficiaries, and successors in interest ("Releasees") from any and all claims, grievances, actions, causes of action, rights, demands, debts, obligations, damages or accountings of whatever nature which she has or believes she has against the City or any of the Releasees by reason of, or arising out of, her employment with the City, her separation from the City, the facts set forth above, any of the matters, acts or omissions described or referred to above, or out of any other matters of whatever nature, whether known or unknown, occurring prior to the execution date of this Agreement.

(2) Hanson represents that she has not filed any lawsuits, complaints, claims, applications or charges against the City or any related persons or corporations or against any of its or their past or present officers, directors, governing bodies, employees, agents, predecessors, attorneys, divisions, affiliates, representatives, successors in interest and assigns and/or all persons acting by, through, under, or in concert with any of them, with any state or federal court, or local, state or federal agency, or administrative or quasi-administrative tribunal or person, based on any events occurring on or prior to the date of execution of this Agreement.

(3) Hanson further agrees that she will not institute any action or actions, causes of action (in law or in equity), grievances, claims, suits, debts, liens, claims, demands, known or unknown, in state or federal court, or with any state, federal, or local government

agency arising from or attributable to any employment practice of the City, its agents, and all persons acting by, through, under, or in concert with the City, relating in any way to Hanson's employment or the separation from such employment.

(4) **Waiver of Civil Code Section 1542.** In this connection, Hanson expressly waives and relinquishes all rights and benefits afforded by California Civil Code Section 1542, and does so understand and acknowledge the significance and consequences of such specific waiver of said provisions of law. Section 1542 of the Civil Code states as follows:

**"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."**

Hanson, being aware of this statute and its meaning and effect, expressly waives and relinquishes all rights and benefits she may have as a result of Section 1542 as well as any other rights or benefits derived from any statutes or common law principles of similar effect.

**B. City's Release.**

(1) City does hereby, in consideration of the mutual covenants and promises contained herein, knowingly and voluntarily fully release and discharge, irrevocably and unconditionally release, acquit and forever discharge Hanson from any and all claims, grievances, actions, causes of action, rights, demands, debts, obligations, damages or accountings of whatever nature which it has or believes it has against Hanson arising out of her employment with the City, the facts set forth above, any of the matters, acts or omissions described or referred to above, or out of any other matters of whatever nature, whether known or unknown, occurring prior to the execution date of this Agreement. The foregoing notwithstanding, City's release shall not apply to any illegal, fraudulent or corrupt act of Hanson.

(2) **Waiver of Civil Code Section 1542.** In this connection, City expressly waives and relinquishes all rights and benefits afforded by California Civil Code Section 1542, and does so understand and acknowledge the significance and consequences of such specific waiver of said provisions of law. Section 1542 of the Civil Code states as follows:

**"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."**

City, being aware of this statute and its meaning and effect, expressly waives and relinquishes all rights and benefits it may have as a result of Section 1542 as well as any other rights or benefits derived from any statutes or common law principles of similar effect.

**C. Exclusions.**

The releases in this Section VI do not extend to rights that may not be waived as a matter of law, including unwaivable rights Hanson may have, if any, under the California Labor Code. Further, without limitation to the foregoing sentence, this release is not intended to waive rights or claims that require approval of the Workers' Compensation Appeals Board or referee under California Workers' Compensation laws. In addition, the City will not oppose Hanson's eligibility for benefits under California Unemployment Insurance Code Section 1256 on the basis that she left her position voluntarily without good cause or that she was discharged from her position for misconduct. Further, nothing in the releases shall affect Hanson's eligibility for retirement benefits that she may be entitled to in the event she retires from the City, subject to the normal laws, rules, procedures and any limitations that apply based on the date of retirement and other circumstances.

**VII. WAIVER OF RIGHTS OR CLAIMS PURSUANT TO TITLE 29 OF THE CODE OF THE LAWS OF THE UNITED STATES OF AMERICA AND CHAPTER 14 ENTITLED "AGE DISCRIMINATION IN EMPLOYMENT."**

A. Hanson, being currently 40 years of age or older, warrants and represents that she is fully aware of and understands all of her rights under the Age Discrimination in Employment Act of 1967 (29 U.S.C. Sections 621-634), including the amendments made by the Older Workers Benefit Protection Act (OWBPA), Pub. L. 101-433, 104 Stat 978 ("ADEA"):

(1) Employee acknowledges that she has been told to consult with an attorney prior to executing this agreement and has been provided adequate time to consult with an attorney. Being fully aware of any potential claims she may have against Releasees, based upon the provisions of the ADEA, Hanson knowingly and voluntarily releases Releasees from any and all claims she may have against them based upon any aspect of her employment with City.

(2) Hanson has been given the opportunity to take 21 calendar days to consider the terms and effects of this Agreement prior to executing it. The offer that is set forth in this Agreement will expire on March 6, 2015, or 21 calendar days after it was given to Hanson, whichever is later. Hanson expressly acknowledges that she has had sufficient time to consider the Agreement and to consult with counsel and, by initialing this paragraph, expressly waives the twenty-one day-consideration period.

Hanson's initials: CH

B. Notwithstanding Sub-paragraph VII.A(2) of this Agreement, Hanson understands that the terms of this Agreement are not effective until eight calendar days after its execution.

Hanson may revoke this Agreement within seven calendar days of its execution. Revocation shall not be effective unless it is communicated in writing to and actually received by the City within seven calendar days after the execution of this Agreement. If Hanson revokes this Agreement, the City shall be relieved of all of its obligations under this Agreement with respect to Hanson. If not revoked, this Agreement will become effective on the eighth day after the date of its execution.

#### **VIII. DUTY OF COOPERATION.**

Hanson shall cooperate in good faith in the transition, and upon reasonable notice, and with reimbursement of expenses, will assist the City in connection with any lawsuits filed against the City. For each calendar month, Hanson will cooperate for up to five hours at no cost to the City. For every hour, or part of an hour, in excess of five hours in any calendar month, City shall pay Hanson at the rate of \$80.00 per hour. Hanson shall have no further obligation to cooperate if Hanson has taken full-time employment or resides outside of California.

#### **IX. NO ADMISSION OF LIABILITY**

This Agreement shall not in any way be construed as an admission by the City or Hanson of any unlawful or wrongful acts or other liability whatsoever against each other or against any other person. The City and Hanson specifically disclaim any liability to, or wrongful acts against each other or against any other person on the part of themselves, any related person or any related predecessor corporation or its or their agents, representatives or successors in interest and assigns.

#### **X. ADVICE OF COUNSEL**

Hanson affirms that, prior to execution of this Agreement, she has consulted with her legal counsel concerning the terms and conditions set forth in this Agreement, she understands the advice her counsel provided to her, and the City has provided ample opportunity to her to consult.

#### **XI. COSTS AND EXPENSES INCURRED IN CONNECTION WITH THIS AGREEMENT**

With the exception of \$4500 that City will provide to Hanson in connection with her costs incurred in connection with this matter, Hanson and the City shall bear her and/or its own costs and attorney's fees in connection with all matters leading up to and including the negotiation and execution of this Agreement. Hanson further agrees that she shall bear her own costs and attorney's fees in connection with any consultation or representation provided to her, or to be provided to her, by any other third party, in connection with all matters leading up to and including the negotiation and execution of this Agreement.

## **XII. NOTICES**

Any and all notices, demands, invoices, and written communications between the parties hereto shall be addressed as set forth in this Section.

**TO HANSON:** Cathy Hanson  
c/o R. Craig Scott, Esq.  
1301 Dove Street, Suite 1000  
Newport Beach, California 92660

**TO CITY:** City Manager  
City of Manhattan Beach  
1400 Highland Avenue  
Manhattan Beach, California 90266

Either party may notify the other party of any change in the address where notices should be sent pursuant to this Section.

## **XIII. WARRANTIES AND REPRESENTATIONS**

A. Hanson acknowledges that she has read this Agreement carefully, fully understands its terms, nature and effect and is executing this Agreement freely, knowingly, and voluntarily. In executing this Agreement, Hanson does not rely on any inducements, promises, or representations by the City or any person other than the terms and conditions of this Agreement.

B. The parties represent and warrant that each of them is the sole and lawful owner of all right, title, and interest in and to every claim, right, and other matter which each party releases herein, and that each party has not otherwise heretofore assigned or transferred, or purported to assign or transfer, to any person or entity, any claims or other matters herein released. Hanson further represents and warrants that she has not heretofore created or given rise to any lien or other right by which any other party may claim all or any part of the monies to be paid by the City pursuant to this Agreement. Each Party shall indemnify each other Party and hold her or it harmless from and against any liability, loss, damage, cost or expense, including attorneys' fees, arising out of or resulting from any breach of the representations and warranties set forth in this Section, including any necessary expenses of investigation, and attorneys' fees and costs actually incurred in connection therewith.

C. Hanson represents and warrants that no action of any kind is currently pending against City in any federal or state court or before any administrative agency relative to Hanson's employment and/or her resignation from employment, including but expressly not limited to, the Workers Compensation Appeals Board.



#### **XIV. AFTER DISCOVERED FACTS OR LAW**

A. Each of the parties to this Agreement acknowledges that she or it is aware that she or it may hereafter discover claims or facts in addition to or different from those she or it now knows or believes to be true with respect to this Agreement. Nevertheless, this Agreement shall be, and remain, in effect as a full and complete release, except as qualified in Section VI B(1), notwithstanding the discovery or existence of any such additional claims or facts.

#### **XV. GENERAL PROVISIONS**

A. Each party hereto agrees to do all things and execute and deliver all instruments and documents necessary to fulfill and effect the provisions of this Agreement and to protect the respective rights of the parties to this Agreement.

B. No waiver by any party of any breach of any term or provision of this Agreement shall be construed to be, nor be, a waiver of any preceding, concurrent or succeeding breach of the same, or any other term or provision hereof. No waiver shall be binding unless in writing and signed by the party to be charged or held bound.

C. This Agreement and the rights and obligations created by this Agreement, shall be governed by the laws of the State of California, without reference to any law that may require application of the laws of another jurisdiction.

D. This Agreement is deemed to have been prepared by each of the parties hereto, and any uncertainty and ambiguity herein shall not be interpreted against the drafter, but rather, if such uncertainty or ambiguity exists, shall be interpreted according to the applicable rules of interpretation of contracts under the laws of the State of California.

E. This Agreement contains the entire agreement and understanding among the parties hereto. It supersedes all prior agreements and understandings relating to its subject matter.

F. Any action to enforce or interpret the terms of this Agreement shall be subject to the exclusive jurisdiction of the courts in the County of Los Angeles, State of California.

G. If any action is brought to enforce or interpret any and/or all of the provisions of this Agreement, the prevailing party shall be entitled to attorneys' fees, costs and disbursements actually incurred in connection with such action, in addition to any other relief to which that party may be entitled.

H. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. A photocopy or facsimile transmission of this Agreement, including signatures, shall be deemed to constitute evidence of this Agreement having been executed. Nonetheless, within three days

after transmission of faxed or photocopied signatures, the original signatures shall be delivered to the Manhattan Beach City Attorney.

I. This Agreement may be modified or amended only by an agreement in writing executed by all of the parties to this Agreement.

J. The headings, subheadings and numbering of the different paragraphs of this Agreement are inserted for convenience and for reference only and shall not be considered for any purpose in construing this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed the SEPARATION AGREEMENT AND MUTUAL GENERAL RELEASES.

(Signatures follow)

**PLEASE READ CAREFULLY.**

**THIS SEPARATION AGREEMENT AND MUTUAL GENERAL RELEASES INCLUDES A  
RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS.**

Dated: 2-27-15  
Cathy A. Hanson  
Cathy Hanson

Dated: 3-10-15  
Mark Danaj  
City of Manhattan Beach  
Mark Danaj, City Manager

**APPROVED AS TO FORM:**


Dated: \_\_\_\_\_  
R. Craig Scott, Esq.  
Attorney for Cathy Hanson

Dated: 3-10-15  
Quinn M. Barrow  
Quinn M. Barrow  
Richards, Watson & Gershon  
City Attorney  
City of Manhattan Beach

**APPROVED BY CITY COUNCIL:**

Dated: 3/17/15  
Wayne Powell  
Mayor

**ATTEST:**

 3-18-15  
City Clerk  
City of Manhattan Beach

**PLEASE READ CAREFULLY.**

**THIS SEPARATION AGREEMENT AND MUTUAL GENERAL RELEASES INCLUDES A  
RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS.**

Dated: \_\_\_\_\_  
Cathy Hanson

Dated: \_\_\_\_\_  
City of Manhattan Beach  
Mark Danaj, City Manager

APPROVED AS TO FORM: 

Dated: 2/27/15  
R. Craig Scott, Esq.  
Attorney for Cathy Hanson

Dated: \_\_\_\_\_  
Quinn M. Barrow  
Richards, Watson & Gershon  
City Attorney  
City of Manhattan Beach

APPROVED BY CITY COUNCIL:

Dated: \_\_\_\_\_  
Mayor

ATTEST:  
  
\_\_\_\_\_  
City Clerk  
City of Manhattan Beach