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FILE NO 5

May 24, 1994

Mr. Ruben Rodriguez
Chairman of the Board
Southeastern Economic Development
Corporation
1048 S. 40th Street
San Diego, California 92113

Re: Carolyn Smith Employment Contract

Dear Mr. Rodriguez:

Enclosed please find my final version of the Agreement. Note that information from the personnel file will be required to complete Section 401 and Section 402.

Sincerely yours,



Robert C. Pearman, Jr.

RCP:vl
Encls.

EMPLOYMENT AGREEMENT BETWEEN CAROLYN Y. SMITH,
HEREINAFTER REFERRED TO AS "EMPLOYEE" AND
SOUTHEASTERN ECONOMIC DEVELOPMENT CORPORATION, A CALIFORNIA
NONPROFIT CORPORATION
HEREINAFTER REFERRED TO AS "CORPORATION"

THIS AGREEMENT is entered into as of this 1st day of March,
1994, between Corporation and Employee.

RECITALS

1. Corporation is a nonprofit public benefit corporation organized pursuant to the laws of the State of California.

2. Corporation has entered into an operating agreement with the Redevelopment Agency of the City of San Diego, hereinafter referred to as "Agency." Pursuant to Section 2.01 of that operating agreement, Corporation is responsible for managing and administering for the Agency matters involving redevelopment within the southeastern area of San Diego, as well as advising the Agency on such matters.

3. The operating agreement between Agency and Corporation authorizes Corporation to enter into an agreement with an employee for services as President of the Corporation.

NOW, THEREFORE, the Corporation and Employee do hereby agree as follows:

I. [Section 100] SCOPE OF EMPLOYMENT

Corporation hereby designates and employs Employee to serve as President for the Corporation, and the Employee agrees to accept such employment, in an executive and administrative capacity for

the Corporation. The Employee shall have such management and control of, and responsibility for the administration of the business and activities of the Corporation as shall be assigned to Employee by the Corporation.

The duties, powers, and responsibilities of the Employee shall be at all times in accordance with the Bylaws and the policies and procedures established by the Board of Directors of the Corporation.

II. [Section 200] TERM OF EMPLOYMENT

A. [Section 201] Term

The initial term of this Agreement shall be two (2) years beginning on March 1, 1994, and ending on February 28, 1996. Unless at least 120 days written notice of non-renewal is given by either party to the other prior to the end of the initial term, or any subsequent term, the employment shall continue in full force and effect from year to year, unless otherwise terminated in accordance with this Agreement. The Corporation may at any time terminate this Agreement for any reason upon at least ninety (90) days written notice to Employee, said termination to be effective on the date stated in such notice, and in such event the Employee shall be entitled to three (3) months severance pay based upon her contracted per annum compensation.

B. [Section 202] Termination of Agreement for Cause

Notwithstanding any other provisions hereof, if, through any cause, the Employee shall fail to fulfill in timely and proper manner her material obligations under this Agreement, or if the

Employee shall violate any of the covenants, agreements or stipulations of this Agreement, the Corporation shall thereupon have the right to terminate this Agreement by giving written notice to the Employee of such termination and specifying the effective date thereof, at least 30 days before the effective date of such termination; provided, however, that if termination is due to acts of dishonesty, gross misconduct or fraud on the part of Employee, then the Corporation shall have the right to terminate this Agreement immediately by giving notice to the Employee. In the event of a termination for cause Corporation shall be obligated to pay Employee only such salary as shall have been earned by Employee up to the effective date of termination.

C. [Section 203] Termination for Disability

If, for a period of more than ninety (90) days, the Employee shall fail to perform her duties hereunder on account of illness or other incapacity, the Corporation shall have the right on ninety (90) days notice to Employee, to terminate this Agreement. In this event, the Corporation shall be obligated to pay to Employee all compensation to which she is entitled through and as of the effective date of termination. However, if, prior to the date specified in such notice, such illness or incapacity shall have ceased, Employee shall be entitled to resume her employment hereunder as though such notice had not been given.

D. [Section 204] Termination if Corporation becomes Defunct

In the event that for any reason the activities of this

Corporation shall cease due to merger, dissolution, or due to the actions of its Member (the City of San Diego), this Agreement shall be terminable by either the Corporation or the Employee upon 90 days written notice. In this event, the Corporation shall be obligated to pay to Employee all compensation to which she is entitled through and as of the effective date of termination.

III. [Section 300] COMPENSATION

For all services rendered by Employee hereunder, including services as President of the Corporation, the Corporation agrees to pay to Employee a salary at the annual rate of Eighty-Two Thousand, Six Hundred Thirty-Nine Dollars (\$82,639.00) commencing on March 1, 1994, and continuing until this Agreement is terminated, less all applicable withholdings and deductions. Such salary shall be payable at the same time and in the same manner as all other salaries paid to employees of Corporation.

IV. [Section 400] LEAVE AND FRINGE BENEFITS

A. [Section 401] Vacation Leave

Employee shall receive twenty (20) working days of paid vacation leave per annum. Employee shall, however, retain _____ vacation days accrued during previous service with the Corporation. Both retained and future vacation leave shall be accrued, utilized or paid in lieu thereof, as the case may be, in accordance with the Corporation Personnel Manual.

B. [Section 402] Sick Leave

Employee shall receive thirteen (13) working days of paid sick leave per annum. Employee shall be credited with _____ working days

of sick leave accrued during previous service with the Corporation. All such sick leave may be accrued, utilized, and paid in lieu thereof, as the case may be, in accordance with the Corporation Personnel Manual.

C. [Section 403] Fringe Benefits

Employee shall be qualified for and entitled to receive fringe benefits commensurate with those provided to all full-time Corporation management employees. Such fringe benefits may include, but not be limited to, health insurance, pension plan, life insurance and any and all other fringe benefits provided to Corporation management employees. It is clearly understood that for purposes of federal, state and local laws, Employee is an "employee" within the meaning prescribed by said laws.

V. [Section 500] EXPENSES

A. [Section 501] Expenses Incurred in Performance of Duties

The Corporation shall pay all expenses incurred by Employee in performing her duties under this Agreement in accordance with the annual Corporation budget. Such expenses may include professional dues and subscriptions, and travel and subsistence for meetings, events and seminars related to Employee's professional development.

B. [Section 502] Automobile for Employee Use

As full and complete compensation for Employee's use of an automobile for travel to and from her home and for Corporation activities, Corporation shall pay to Employee during the term of this agreement the amount of Two Hundred Dollars (\$200.00) per month.

VI. [Section 600] RESTRICTIONS

During the term of this Agreement, Employee shall devote her best efforts and substantially her entire time to further the interests of the Corporation. Since the services to be rendered hereunder are of special, unique, extraordinary and intellectual character, the Employee agrees that during the term of her employment by the Corporation, she will not enter the employment of any other firm, association or corporation.

VII. [Section 700] MISCELLANEOUS PROVISIONS

A. [Section 701] Compliance with Laws

Employee shall comply with all laws, ordinances, rules and regulations, and all orders and directives relating to the services to be performed hereunder.

B. [Section 702] Agreement Binding Upon Successors

Corporation agrees that all obligations assumed by it pursuant to this Agreement shall be binding upon its successors or assigns. Employee agrees that this Agreement may not be assigned by her. Corporation and Employee agree that this Agreement may be amended only by the mutual consent of both parties.

C. [Section 703] Reviews

The Corporation will provide Employee with a performance review approximately 5 months after the effective date of this Agreement, and thereafter once every 12 months at or about the anniversary date of this Agreement.

D. [Section 704] Attorneys Fees

If any legal action or any arbitration or other proceeding is

brought for the enforcement of this Agreement, or because of an alleged dispute, breach, default or misrepresentation in connection with any of the provisions of this Agreement, the successful or prevailing party or parties shall be entitled to recover reasonable attorney's fees and other costs incurred in that action or proceeding, in addition to any other relief to which it or they may be entitled.

E. [Section 705] Indemnification

Provided Employee is acting within the scope and course of her employment with the Corporation and in compliance with the terms of this Agreement, Corporation shall, to the full extent permitted by law, indemnify and hold Employee harmless from any and all claims against her personally arising from her performance hereunder, including attorneys fees and costs reasonably incurred in the defense of Employee from such claims.

F. [Section 706] Notices

All notices which either party is required to or desires to give to the other under this Agreement shall be made in writing by personal delivery or by certified or registered mail with postage prepaid and addressed to such party at the offices of Corporation.

G. [Section 707] Disputes Resolution Clause

In the event of a claim or dispute arising out of or related to this Agreement, both parties shall make good faith efforts at resolution through negotiation. If the parties agree, to assist in attempting to negotiate the claim or dispute, a neutral mediator may be selected from a list of potential mediators prepared by the

San Diego Office of the American Arbitration Association. If the parties choose to use the assistance of a mediator but can not agree on the selection, they may ask the AAA to select the mediator. The mediator will follow the AAA Employment Mediation Rules as appropriate.

VIII. [Section 800] ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between the parties hereto, and supersedes any and all other agreements between the parties.

Approved this ____ day of
May, 1994

SOUTHEASTERN ECONOMIC DEVELOPMENT
CORPORATION, a California nonprofit
Corporation


Ruben Rodriguez, President

Carolyn Y. Smith, Employee

ROBINSON & PEARMAN
A Professional Law Corporation

Robert C. Pearman, Jr.
Corporation Counsel

FIRST AMENDMENT TO EMPLOYMENT AGREEMENT

This FIRST AMENDMENT TO EMPLOYMENT AGREEMENT ("Amendment") is entered into as of March 1, 1996, by and between Southeastern Economic Development Corporation, a California nonprofit public benefit corporation ("Corporation"), and Carolyn Y. Smith ("Employee").

RECITALS

A. Corporation and Employee have heretofore entered into that certain Employment Agreement dated as of March 1, 1994 (the "Agreement").

B. Corporation and Employee have determined that it is necessary and desirable to enter into this Amendment.

NOW, THEREFORE, Corporation and Employee do hereby agree as follows.

1. Any capitalized term used herein and not defined herein will have the meaning described thereto in the Agreement.

2. Section 201 of the Agreement is hereby amended to read, in its entirety, as follows:

Term

The initial term of this Agreement shall be two (2) years beginning on March 1, 1994, and ending on February 28, 1996. Unless at least 120 days written notice of non-renewal is given by either party to the other prior to the end of the initial term, or any subsequent term, the employment shall continue in full force and effect from year to year, unless otherwise terminated in accordance with this Agreement. The Corporation may at any time terminate this Agreement for any reason upon at least ninety (90) days written notice to Employee, said termination to be effective on the date stated in such notice, and in such event the Employee shall be entitled to the greater of three (3) months severance pay or one (1) month severance pay for each full year of employment completed under this Agreement based upon the contracted per annum compensation being paid to Employee under this Agreement at the time of termination.

3. Section 202 of the Agreement is hereby amended to read, in its entirety, as follows:

Termination of Agreement for Cause

Notwithstanding any other provisions hereof, if, through any cause, the Employee shall fail to fulfill in timely and proper manner her material obligations under this Agreement, or if the Employee shall violate any of the covenants, agreements or stipulations of this Agreement, the Corporation shall thereupon have the right to terminate this Agreement by giving written notice to the Employee of such termination and specifying the effective date thereof, at least 30 days before the effective date of such termination; provided, however, that if termination is due to acts of dishonesty, gross misconduct or fraud on the part of Employee, then the Corporation shall have the right to terminate this Agreement immediately by giving notice to the Employee. In the event of a termination for cause Corporation shall be obligated to pay Employee only such salary, as set forth in Section 300 of this Agreement ("Salary"), as shall have been earned by Employee up to the effective date of termination and Corporation shall not be obligated to pay any severance pay.

4. Section 203 of the Agreement is hereby amended to read, in its entirety, as follows:

Termination for Disability

If, for a period of more than ninety (90) days, the Employee shall fail to perform her duties hereunder on account of illness or other incapacity, the Corporation shall have the right on ninety (90) days notice to Employee, to terminate this Agreement. In this event, the Corporation shall be obligated to pay to Employee three (3) months severance pay based upon the contracted per annum compensation being paid to Employee under this Agreement at the time of termination and all Salary to which she is entitled through and as of the effective date of termination. However, if, prior to the date specified in such notice, such illness or incapacity shall have ceased, Employee shall be entitled to resume her employment hereunder as though such notice had not been given.

5. Section 204 of the Agreement is hereby amended to read, in its entirety, as follows:

Termination if Corporation becomes Defunct

In the event that for any reason the activities of this Corporation shall cease due to merger, dissolution,

or due to the actions of its Member (the City of San Diego), this Agreement shall be terminable by either the Corporation or the Employee upon 90 days written notice. In this event, the Corporation shall be obligated to pay to Employee severance pay calculated in the manner set forth in Section 201 of this Agreement and all Salary to which she is entitled through and as of the effective date of termination.

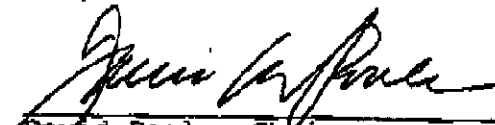
6. The term "Personnel Manual", wherever appearing in the Agreement, is hereby changed to the term "Employee Handbook."

7. Except as amended hereby, the Agreement remains in full force and effect.

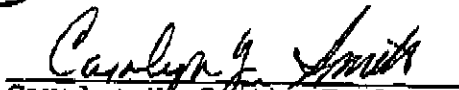
8. This Amendment will be governed by, interpreted under, and construed and enforced in accordance with the laws of the State of California.

Approved as of the date
set forth above.

SOUTHEASTERN ECONOMIC DEVELOPMENT
CORPORATION, a California nonprofit
corporation

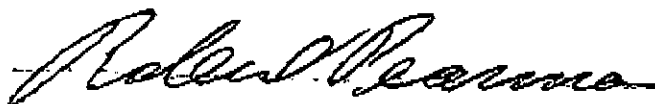


David Poole, Chair



Carolyn Y. Smith, Employee

ROBINSON & PEARMAN
Corporation Counsel



Robert C. Pearman, Jr.