EXECUTIVE EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT ("Agreement") is entered into this day of July 1, 2017, at Pomona, California, by and between SAN GABRIEL/POMONA VALLEYS DEVELOPMENTAL SERVICES, INC. (sometimes referred to as the "Center") and R. KEITH PENMAN (sometimes referred to as "Mr. Penman" or the "Executive Director") and jointly referred to as "the Parties."

WHEREAS, it is the desire of the Center that Mr. Penman continue to act as Executive Director of the Center during the term of this Agreement upon the terms and conditions set forth herein; and

WHEREAS, Mr. Penman is willing to serve as Executive Director of the Center during the term of this Agreement upon the terms and conditions set forth herein;

NOW, THEREFORE, in order to accomplish this purpose, and in consideration of the mutual promises and covenants contained herein, the Parties agree as follows:

1. <u>Employment and Position</u>. The Center hereby employs Mr. Penman as Executive Director of the Center upon terms and conditions hereinafter set forth.

2. <u>Term of Agreement</u>. The initial term of this Agreement shall be for a one year period commencing on July 1, 2017, and ending on June 30, 2018, unless otherwise terminated as provided herein. In the event that neither of the Parties gives written notice, on or before February 1st of any calendar year during which this Agreement is in effect, of that party's intent not to renew this Agreement, this Agreement shall be deemed to automatically renew in all its particulars for an additional one-year period on July 1st of that calendar year, subject to the termination rights provided by the provisions of paragraph 12 hereof.

If not sooner terminated, either by non-renewal or pursuant to Paragraph 12 hereof, this Agreement shall expire on June 30, 2018, or at the time that the SAN GABRIEL/POMONA VALLEYS DEVELOPMENTAL SERVICES, INC.'s contract with the Department of Developmental Services expires, or is terminated, whichever is earlier.

Nothing contained herein shall prevent the parties from entering into a new Agreement for a term commencing on or after July 1, 2017 or at the beginning of a subsequent contract between the Center and the Department of Developmental Services.

3. Duties. The duties of the Executive Director of the Center shall be as set forth in the Bylaws of the Center, as they may be amended from time to time. The Executive Director shall be the chief operating officer of the Center and as such shall have the authority and responsibility for the day-to-day management and administration of the affairs, employees and resources of the Center, and for implementation of the policies and programs of the Center. The Executive Director shall, subject to the policies of the Center's Board of Directors, employ, supervise, manage, control and discharge the employees of the Center. The Executive Director shall advice and counsel the Center's Board of Directors in matters of policy and shall act as a representative for the Center at community, state and national meetings. During the employment, Mr. Penman shall have general supervision, direction and control of the business and affairs of the Center and of its subsidiaries and affiliates. Mr. Penman shall perform such duties as are consistent with the position's title, California law, specifically the California Welfare and Institutions Code Section 4500 and following, and as may be assigned to him from time to time by the Executive Committee of the Center's Board of Directors (Executive Committee), or its delegate. During the employment, Mr. Penman shall report directly to the Executive Committee or its delegate.

4. Compliance with the Centers' Policies. Mr. Penman acknowledges and agrees that compliance with the Centers' policies, practices and procedures is a term and condition of employment under this Agreement.

5. Extent of Services. Except as otherwise provided herein, Mr. Penman shall devote full time attention and energies to the performance of his duties as Executive Director of the Center during the term of this Agreement, and shall not engage in any other employment without the express written consent of the Board of Directors,

Executive Committee of the Board or President of the Board. Nothing in this paragraph shall be construed to limit Mr. Penman's participation in passive investment opportunities which does not require a substantial amount of his time or service, so long as said opportunities are not opposed or contrary to any purpose or objective of the Center.

6. Outside Activities. Notwithstanding the provisions of paragraph 5 hereof, Mr. Penman shall be entitled to do such writing, lecturing and consulting as he may wish. Mr. Penman may also serve on the board of directors of any profit or nonprofit corporation, so long as such service does not constitute a conflict of interest as described in Section 54521 of Title 17 of the California Code of Regulations. To the extent that Mr. Penman's writing, lecturing, consulting and service on any corporate board of directors is not performed in the course and scope of his duties as Executive Director, those activities shall be performed outside of the Centers' normal business hours or during time for which Mr. Penman claims vacation benefits. Further, to the extent that Mr. Penman's writing, lecturing, consulting and service on any corporate board of directors is not within the course and scope of his duties as Executive Director, such activities shall be performed in his individual capacity and not as an employee of the Center. None of these activities referred to in this Paragraph 6 shall reflect unfavorably on the Center or its goals and none shall materially interfere with the performance of Mr. Penman's normal duties as Executive Director of the Center. Mr. Penman shall be entitled to retain fees, royalties and honoraria obtained as a result of these activities.

In any of his personal writing, lecturing, consulting, or service on any corporate board of directors, Mr. Penman shall not be entitled to use any confidential material of the Center without obtaining the express written permission of the Board of Directors or Executive Committee of the Center. During the period of his employment by the Center, Mr. Penman shall not use any materials in, or make any statements in, his writings, lectures, consultations or service on any corporate board of directors which cast disparagement on the Center, its members or its staff, or which violate the Center's Confidentiality Agreement, which is signed by all Center employees.

7.Compensation

(a) Base Salary. During the term of this Agreement for all services rendered, the Center shall pay Mr. Penman a Base Salary ("Base Salary") of $264,295.82 per annum.

The payments shall be made in accordance with the normal payroll schedule of the Center, and deducted from each payment will be applicable Federal, state or city withholding taxes, social security contributions and other amounts which may be required to be deducted or withheld by the Center pursuant to any Federal, state or city laws, rules or regulations.

(b) Annual Adjustments. The Centers' Executive Committee shall, in connection with the Executive Director's annual evaluation hereinafter provided for, give consideration to an annual compensation increase of from 1% to 4% for the Executive Director to be retroactively effective as of July 1st of the calendar year in which said evaluation is required to take place. Any merit or other increases in the Executive Director's salary shall be determined by the Executive Committee in its sole discretion on an annual basis as part of its annual evaluation.

(c) Merit Award. In addition to the Base Salary, Mr. Penman may be eligible to receive a Merit Award. The amount of any merit award will be determined by the Center based on predetermined specific goals and objectives and the role of the Executive Director in substantially accomplishing the goals and objectives, as determined by the Center's Board of Directors, in timely consultation with the Executive Director. Any such merit award will be calculated and awarded as of July1st of each year. It can be paid to Mr. Penman on July 1st, or if funds are not readily available, no later than July 30th of that calendar year.

(d) Car Allowance. Mr. Penman shall be entitled to a car allowance of Six Hundred Dollars ($600) each month, in lieu of mileage reimbursement.

8. Benefits. Unless stated otherwise in this Agreement, during employment, the Executive Director shall be entitled to all benefits, privileges and perquisites granted to all other full time managerial/executive employees of the Center,

including, but not limited to paid leave, medical, pension, life insurance, long term disability, and other employee benefits of the Center that may be in effect from time to time for its employees.

9. Vacation Time. Because of the special nature and extent of the duties of the Executive Director, he shall be entitled to two and one-half (2 1/2) days of vacation with pay per month. To the extent permitted by the Centers' Employee Policy Memorandum (as it may from time to time be amended), the Executive Director may accumulate all the vacation days to which he may become entitled. As used in the Center's Employee Policy Handbook's provisions concerning vacations, the terms, "Supervisor" and "Executive Director" shall mean "President of the Board of Directors" in relation to Mr. Penman's vacation time. Upon the cessation of Mr. Penman's employment with the Center, he shall be entitled to be paid at his then current rate for all accumulated and unused vacation days, up to and including 240 hours or 30 days. The Executive Director shall not be entitled to overtime pay, or compensatory time off for overtime hours.

10. Evaluation. A written evaluation of the Executive Director shall be performed annually by the Executive Committee, on or before May 31st, of each year during which this Agreement is in effect. The procedure and format for such annual evaluation shall be in accord with the direction from the Board President and agreement approval from the Executive Committee.

11. Reimbursement for Expenses. The Executive Director shall be entitled to reimbursement for all expenses which are reasonably and necessarily incurred in the performance of his job duties, including, but not limited to attending fundraising and educational events. Reimbursements will be made according the Center's Reimbursement Policy.

12. Employment Matters. All written material related to the employment of the Executive Director shall be held confidential and kept in one file, designated as the "Executive Director Personnel File", which shall be kept in the Center's Human Resources Department in a separate locked filing cabinet.

The provisions of the immediately preceding sentence of the within Agreement shall apply only to the permanent records of the Center which are non-accounting in nature and shall not prevent (a) the transmission or retention of any records whatsoever to or by any attorney for the Center or the copying of any records by such attorney, or (b) the review (without copying) of the original records on the Center premises by a member of the Board of Directors. Except as provided in section (a), copies of such materials may be made only for distribution to the aforementioned individuals at closed meetings of the Board of Directors of the Center.

13. Termination. Either party may terminate this Agreement at any time upon 60 days prior written notice to the other. The Center may terminate this Agreement for cause without prior written notice if Mr. Penman:

(a) Persistently fails to perform his duties for reasons other than disability and fails to cure such failure within thirty (30) days after written notice form the Center's Board of Directors; or

(b) Has breached any material provision of this Agreement and fails to cure such breach within ten (10) days after written notice from the Center's Board of Directors; or does any act or makes any public comment which is both inimical to the Center and substantially impairs his continued effectiveness as Executive Director; or

(c) Is convicted by a court of law of a crime involving moral turpitude, or has violated in a material way any law, rule or regulation, pertaining to the Center or of any governmental agency having jurisdiction over the Center, without consent of the Board of Directors; or is guilty of willful misconduct, dishonesty or substantial neglect of duties, not for reasons of disability; or

(d) Materially breaches any promise or covenant to be performed by him in this Agreement; or

(e) is permanently unable to perform his duties by reason of physical or mental disability.

(f)

An inability to perform duties shall be deemed permanent if Mr. Penman is unable to perform his normal duties for a period of greater than 120 days, in any calendar year, or if a physician who has examined him certifies that the disability will likely continue to prevent Mr. Penman from performing his normal duties for a period in excess of 120 days. For purposes of determining whether such an inability to perform shall be deemed permanent, Mr. Penman agrees to submit to an examination concerning his physical and/or mental condition, at the request and expense of the Center, no more frequently than once a month. Mr. Penman hereby consents to written report(s) to the Center on the results of such examinations, solely as to the expected duration of the disability. Such examination shall be performed by a physician or physicians selected by the Center's Board Executive Committee. Mr. Penman's personal physician(s) shall not perform such examination. In the event that either of the Center's policies on disability or family leave is more liberal than the foregoing, that policy or those policies shall control. Notwithstanding the generality of the foregoing, only those individuals with a need to know, including, but not necessarily limited to the Center's Board's Executive Committee shall be granted access to Mr. Penman's health records. Any health care information or recommendations shall be kept separately from Mr. Penman's other employment records and no disclosure shall be made of it and them, except with the permission of Mr. Penman and in accordance with HIPAA requirements. Mr. Penman shall act in good faith in disclosing and permitting disclosure of health information to the Center for purposes of determining his ability to perform his duties.

(h) In the event of Mr. Penman's death, the Center shall pay the Executive Director or his legal representatives, as follows: any accrued but unpaid Base Salary through the date of death or disability and a payment equal to the Executive Director's accrued and unused vacation days at the date of such termination.

14. Termination Without Cause. Except for cancellation or non-renewal of any contract between the Center and the State of California which is governed by the California Welfare and Institutions Code, in the event that the Executive Director's employment is terminated by the Center for any reason other than those set forth in

Section 13 ("Termination With Cause"), or if the Executive Director terminates his employment with the Center for "Good Reason" (as defined below), the Executive Director shall be entitled to accrued but unpaid Base Salary through the date of termination. In addition, for a termination by the Center governed by this Section 14, the Executive Director will receive a severance payment equal to three (3) month's regular Base Salary, paid according to the Centers' regular payroll schedule for the three month period commencing with the termination date and reduced by the payroll deductions referred to in Section 7. The Executive Director's receipt of the severance described in this Section 14 is conditioned upon his execution of a release of all claims against the Center, its employees, its Board of Directors and any related entities, effective as of the termination date.

<u>For purposes of this Agreement, 'Good Reason' shall mean the existence or occurrence of any of the following:</u>

(a) <u>The Center breaches any material provision of this Agreement (as determined in good faith by the Executive Director) and fails to cure such breach within ten (10) days:</u>

(b) <u>Except for the adjustment described in Section 7 above, the Center materially reduces the Executive Director's compensation or benefits under this Agreement:</u>

(c) <u>The Center transfers substantially all of the assets of its business or if there is a merger of the Center into another entity where the Center is not the surviving entity and the Executive Director does not continue as Chief Executive Officer of such entity: or</u>

(d) <u>If the Center materially changes the Executive Director's duties or reporting responsibilities under this Agreement, without the Executive Director's prior written consent.</u>

15. <u>Non-Solicitation</u>. The Executive Director shall not, without prior written consent of the Center's Board of Directors, for a period commencing on the effective date

of the Agreement and ending one (1) year after the termination of the Term, directly or indirectly, solicit or hire any person who was an employee of the Center at any time during the Employment or during such one (l) year period, or assist any person, firm or corporation in doing so or attempting to do so.

16. Confidential and Propriety Information. Executive Director understands that his employment creates a relationship of confidence and trust between him and the Center, and the Executive Director acknowledges that he will come into possession of the Centers' Proprietary Information and Confidential Information which is important to the Centers' operations. For purposes of this Agreement, "Proprietary Information" is information that was or will be developed, created or discovered by or on behalf of the Center, which has commercial or treatment value in the Centers' operations. Proprietary Information includes, but is not limited to, information about trade secrets, software, computer programs, designs, technology, ideas, know-how, processes, compositions, data, techniques, improvements, inventions (whether patentable or not), works of authorship, business and product development plans, clients, patients, customers and other information concerning the Centers' actual or anticipated business, technical and/or financial information, marketing plans, proposals, research or development, or information which is received in confidence by or for the Center from any other person. Proprietary and Confidential Information can be in the form or documents or other media or tangible items that contain or embody Proprietary Information and any other information concerning the business, operations or future/strategic plans of the Center, whether such documents have been prepared by the Executive Director or by others including, but not limited to, the Centers' client or patient lists which have been specially compiled by the Center to include information not available to the public such as treatment plans and preferences. Nothing in the foregoing shall impede Mr. Penman's ability to share information with his regional center colleagues or ARCA or DDS or for other legitimate business reasons in support of the Center's goals.

(a) The Executive Director agrees to maintain all Proprietary and Confidential

Information, at all times, both during the Executive Director's employment with the Center and after its termination for any reason, in confidence and trust and will not use or disclose any Proprietary Information or anything related to it without the prior written consent of the President of the Board of Directors of the Center except as may be necessary and appropriate in the ordinary course of performing his duties to the Center. (b) The Executive Director agrees that, immediately upon the termination of the Executive Director's employment by the Center for any reason, or during the Executive Director's employment if so requested by the Center's Board of Directors, the Executive Director will return all company materials, apparatus, equipment and other physical property, or any reproduction of such property.

17. Breach of Provisions in Sections 15 and 16. In the event that the Executive Director breaches the provisions of Section 15 or 16 of this Agreement, or in the event that any such breach is threatened by the Executive Director, in addition to and without limiting or waiving any other remedies available to the Center at law or equity, the Center shall be entitled to injunctive relief in any court having the capacity to grant such relief, to restrain any such breach or threatened breach and to enforce these provisions. The Executive Director acknowledges and agrees that there is no adequate remedy at law for any such breach or threatened breach and, in the event that any action or proceeding is brought seeking injunctive relief. The Executive Director further agrees that jurisdiction and venue shall be limited to Los Angeles County, California.

18. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, heirs, distributes, and successors.

19. Notices. Any notice provided for herein shall be in writing and shall be deemed to have been given or made (a) when personally delivered, or (b) when sent by telecopy and confirmed within forty-eight (48) hours by letter mailed or delivered to the party to be notified at its or his or her address set forth herein; or (c) three (3) days following deposit for mailing by first class registered or certified mail, return receipt requested, to the

address of the other party set forth below or to such other address as may be specified by notice given in accordance with Section 19.

If to the Center:

San Gabriel/Pomona Regional Center
75 Rancho Camino Drive
Pomona, CA 91766
Attn: President of the Board of Directors

If to the Executive Director:

R. Keith Penman
c/o San Gabriel/Pomona Regional Center
75 Rancho Camino Drive
Pomona, CA 91766

20. Insurance Continuance. The Center agrees to maintain all health and disability policies past the date of termination to the extent allowable under such policies (but in no event longer than 35 days past the date of termination) to enable the Executive Director to exercise what rights he may possess under said policies to convert them from group to individual coverage, or to exercise any other rights to which he is otherwise entitled under said policies or the law in effect at that time.

21. Assignment. Any attempted assignment of rights or delegation of duties by either party without the express written consent of the other party shall be null, void, and of no effect whatsoever and shall not operate to change the rights or duties of either party under this Agreement in any manner whatsoever.

22. Waiver. The failure of either party to insist on strict compliance with any of the terms, covenants, or conditions of this Agreement by the other party shall not be deemed a waiver of that term, covenant, or condition unless such waiver is contained in a signed writing, nor shall any waiver or relinquishment of any right or power at any one

time or times be deemed a waiver or relinquishment of that right or power for all or any other times.

23. Severability. In the event that one or more provisions or any portion thereof of this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, this shall not be deemed to affect any other portion of this Agreement, but this Agreement shall be construed as if said invalid, illegal or unenforceable provision or portion thereof had never been contained therein. In addition, any such invalid or unenforceable provision shall be deemed without further action on the part of the parties hereto, modified, amended or limited to the extent necessary to render the same valid and enforceable.

24. Governing Law. This Agreement and all rights, duties, obligations and liabilities arising hereunder shall be construed and enforced in accordance with the laws of the State of California.

25. Entire Agreement. This Agreement contains and fully sets forth the entire agreement of the parties relative to the employment of Mr. Penman by the Center, and supersedes any and all prior agreements between the Executive Director and the Center, whether written or oral, relating to any or all matters covered by and contained or otherwise dealt with in this Agreement. This Agreement does not constitute a commitment of the Center with regard to the Executive Director's employment, express, implied, other than to the extent expressly provided herein.

26. Amendment. This Agreement may be amended or modified only by an agreement in writing signed by the party against whom the modification is sought to be enforced.

27. Authority. The parties each represent and warrant that they have the power, authority and right to enter into this Agreement and to carry out and perform the terms, covenants or conditions of this Agreement.

28. Titles. The titles of the Articles and Sections of this Agreement are inserted merely for convenience and ease of reference and shall not affect or modify the meaning of any of the terms, covenants or conditions of this Agreement.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the date set forth below.

SAN GABRIEL/POMONA VALLEYS
DEVELOPMENTAL SERVICES, INC.
a California nonprofit public benefit corporation.

By: Joseph Huang

Joseph Huang, Board President

And: R. Keith Penman

R. Keith Penman, Executive Director

Date: 8-23-2017