ATTACHMENT 3

SETTLEMENT AGREEMENT AND GENERAL RELEASE OF CLAIMS

The parties to this SETTLEMENT AGREEMENT AND GENERAL RELEASE OF CLAIMS ("Agreement") are Jose Moreno, Amin David, and Consuelo Garcia (referred to as "Plaintiffs" herein), on the one hand, and the City of Anaheim, a California charter city and municipal corporation (sometimes referred to as "Defendant" or "City"), on the other. These persons and entity are referred to as "Parties" or "each Party" herein. The terms "Plaintiffs" and "Parties" shall also mean an individual Plaintiff in all instances in which those terms are used in the provisions of this Agreement. This Agreement is effective as of the latest date written next to the signature of a Party to this Agreement

I. Recitals.

The purpose of this Agreement is to settle the action filed in the Orange County Superior Court under the California Voting Rights Act ("CVRA") entitled *Moreno, et al., v. City of Anaheim,* Case No. 30-2012-00579998-CU-CR-CXC ("CVRA Lawsuit"). Trial of this action is scheduled for March 17, 2014.

The Parties desire to settle the CVRA Lawsuit and to fully and finally settle any and all matters between them arising out of, or relating to, the CVRA Lawsuit, or any claims that could have been raised in connection with the CVRA Lawsuit or the City's at-large electoral system occurring prior to the date of this Agreement, without any further court proceedings, trial, appeal or adjudication of any issue of fact or law, and without any admission with respect to such matters.

II. Terms and Conditions of the Settlement Agreement.

In consideration of the mutual promises herein, the Parties agree:

1. **Charter Amendment for "By-district" Elections.** On or before February 7, 2014, the City Council of the City of Anaheim ("City Council") will place on its agenda for action a resolution calling an election to place a Charter amendment on the ballot (the "Charter Amendment" or "Charter Amendment measure") that gives voters of the City the ability to decide whether to change the City's electoral system with respect to City Council members (but not the Mayor) from at-large to single-member districts in which City Council members (but not the Mayor) are required to be residents of their respective electoral districts and are nominated and elected by the residents of their respective electoral districts ("by-district elections" or "by-district electoral system").

2. Form and Content of Charter Amendment. The Charter Amendment measure will be substantially similar in form and content to the form of measure attached hereto as Exhibit 1. The City Council retains discretion to make changes to the language of Exhibit 1 after this Agreement is final and before the Charter Amendment measure is considered for placement on the ballot pursuant to Paragraph 1 of this Agreement. The City will advise the Plaintiffs of any such changes that it deems necessary to make. Notwithstanding the previous three sentences, no change to the language of Exhibit 1 shall alter the ability of the voters of the City to decide whether to change the City's electoral system with respect to City Council members (but not the Mayor) from at-large to by-district elections by voting to approve the Charter Amendment measure. Other than as provided in the first sentence of this paragraph, this Agreement does not give the Plaintiffs the right to approve the form or content of the Charter Amendment measure prior to the City Council placing it on the ballot or otherwise to challenge the form or content of the Charter Amendment measure.

3. Ballot Argument in Favor of Charter Amendment Measure. The resolution described in Paragraph 1, above, shall authorize, pursuant to California Elections Code § 9282(b), two or more City Council members who support a change in the City's electoral system to "by-district" elections to file jointly a written Argument in Favor of the Charter Amendment measure. The City Council members authorized to file the Argument in Favor of the Charter Amendment measure shall also jointly file a rebuttal argument, if applicable, in accordance with California Elections Code § 9285. Plaintiffs will be provided the opportunity to review the text of the Argument in Favor of the Charter Amendment measure, and any rebuttal three (3) days before it is filed. Nothing in this Agreement shall be construed to give the Plaintiffs the right to approve the ballot Argument in Favor of the Charter Amendment measure, or any rebuttal filed by the authorized City Council members. Neither the City Council, nor any of its members, shall file a ballot Argument Against the Charter Amendment measure pursuant to Elections Code § 9282(b). On or before February 7, 2014, the City Council shall place on its agenda for action an ordinance pursuant to California Elections Code § 9281 authorizing the Plaintiffs to file the Argument in Favor of the Charter Amendment measure, and any rebuttal, if, and only if, the authorized City Council members fail to file a ballot Argument in Favor of the Charter Amendment measure, or the rebuttal, if applicable. If the Plaintiffs file the ballot Argument in Favor of the Charter Amendment measure or the rebuttal, individual City Council members, in their personal capacities, may sign the Plaintiffs' ballot argument or rebuttal. Other than on an Argument in Favor of the Charter Amendment measure filed by two or more authorized Council members pursuant to Elections Code § 9282 and any rebuttal filed by the two or more authorized Council members pursuant to California Elections Code § 9285, no City Council member shall sign a ballot argument or rebuttal argument using

his or her title as a City Council member for identification purposes in the signature block. Other than as provided in this paragraph, nothing in this Agreement limits the right of any City Council member in his or her personal capacity to campaign for or against the Charter Amendment measure as permitted by law.

4. **Informational Language in Resolution Calling the Election on the Charter Amendment Measure.** The resolution described in Paragraph 1, above, shall contain informational language contained in the resolution's recitals agreeable to both Plaintiffs and the City, describing the City's "at-large" electoral system, describing a "by-district" electoral system, and describing in neutral terms the circumstances and reasons for which the voters might wish to change the system from "at-large" to "by-district", and which support the City Council's decision to place the Charter Amendment measure on the ballot for voter consideration. This informational language in the resolution calling the election on the Charter Amendment measure shall be identical to the language attached hereto as Exhibit 2. No other recital or matters included in the resolution shall modify or contradict the provisions or language of Exhibit 2. Other than as provided in the first two sentences of this paragraph, this Agreement does not give the Plaintiffs the right to approve the resolution described in Paragraph 1.

5. **Suspension of Implementation of Ordinance No. 6280.** On or before February 7, 2014, the City Council of the City of Anaheim will place on its agenda for action proposed amendments to Ordinance No. 6280, which enacted residency districts for City Council member (but not Mayoral) elections in 2014 and thereafter. Such proposed amendments shall a) suspend the date for implementation of the residency districts until the 2016 City Council elections and thereafter, so the residency districts would be used only if the Charter Amendment measure is not approved by the voters, b) eliminate the March 1, 2014 completion date for the Councilmanic district mapping process so that the process currently underway is terminated, and c) provide for the commencement of the process for the establishment of Councilmanic districts under Ordinance No. 6280 after the November 4, 2014 general election, if the Charter Amendment measure is not adopted by the voters. In the event that the Charter Amendment measure is approved by the voters at the November 4, 2014 general election, then the City shall thereafter take timely action to repeal Ordinance No. 6280. Except as provided in the preceding sentences of this paragraph, this Agreement does not affect the legislative discretion of the City Council to amend, repeal or otherwise modify Ordinance No. 6280 at any time.

6. **Charter Amendment Measure for Residency Districts.** On or before February 7, 2014, the City Council will place on its agenda for action the proposed repeal of Resolution No. 2013-110.

7. **Charter Amendment Measure for Increase in Size of City Council.** On or before February 7, 2014, the City Council will place on its agenda for action proposed amendments to Resolution No. 2013-109 to remove the Charter amendment ballot measure increasing the size of the City Council from four to six members from the June 3, 2014 statewide primary ballot, and place it on the November 4, 2014 general election ballot. It is the intent of the Parties that the only two City Council-proposed Charter amendment ballot measures proposing changes to the City's electoral system appearing on the November 4, 2014 ballot will be the Charter Amendment measure provided for in Paragraph 1, above, and the Charter amendment ballot measure increasing the size of the City Council from four to six members, which is the subject of this Paragraph. Should the City Council, in the exercise of its legislative discretion, later determine to place on the November 4, 2014 ballot another measure or measures proposing changes to the City's Charter or electoral system ("additional measure(s)"), the City will meet and confer with Plaintiffs prior to taking action to place such additional measure(s) on the ballot.

8. **Dismissal with Prejudice.** Plaintiffs will dismiss with prejudice the CVRA Lawsuit if the City takes all of the following actions: a) adoption of the resolution described in Paragraph 1, above, b) passage of the ordinance referred to in Paragraph 3, above, c) amendment of Ordinance No. 6280 as provided in the first two sentences of Paragraph 5, above, d) repeal of Resolution No. 2013-110 as provided in Paragraph 6, above, and e) amendment of Resolution No. 2013-109 as provided in Paragraph 7, above. The dismissal with prejudice shall be filed within five (5) business days of the last of the foregoing actions to be completed. No Party may appeal that dismissal.

9. **Advisory Committee re Electoral Districts.** If the Charter Amendment measure is adopted by the voters, the City Council shall thereafter, by resolution, establish a process for the drawing of Councilmanic districts. The process shall include an advisory committee to assist in the development of district maps to recommend for adoption by the City Council for use in the 2016 City Council elections under the "by-district" electoral system. To avoid the appearance of a conflict of interest and to ensure that the advisory committee provides recommendations to the City Council free of any personal goals or desires of its individual members to run for a seat on the City Council of the City of Anaheim, persons who accept appointment to the advisory committee shall, at the time of their appointment, file a written declaration with the City Clerk stating that they will not seek election to a seat on the City Council of the City of

Anaheim in 2016 and/or 2018. The previous sentence does not apply to seeking election to the office of Mayor of the City of Anaheim. It shall not constitute a breach of this agreement if, despite his or her declaration, a member of the advisory committee runs for the office of member of the City Council of the City of Anaheim in 2016 and/or 2018. The declaration by a member of the advisory committee may be enforced by the City in its sole discretion as permitted by law. The advisory committee shall be appointed by the City Council and composed of three retired judges of the Orange County Superior Court who apply, are willing to serve, and who are qualified voters of the City of Anaheim. In the event three such retired judges, who are qualified voters of the City, are not willing to serve, the City Council will select and appoint an advisory committee of up to nine members composed of registered voters of the City who apply and are willing to serve. Appointments to the citizens advisory committee shall be broadly representative, as determined by the City Council in its sole discretion, but subject to the criteria described in this paragraph and in the resolution establishing the committee, of the demographic, geographic, socio-economic and other communities of interest in the City. No person who is a member of the City Council or the Mayor of the City of Anaheim at the time the citizens advisory committee is operational shall serve as a member of the citizens advisory committee.

10. **Multilingual Notices and Agenda.** Official required notices and agendas (but not agenda material) of the advisory committee described in Paragraph 9, will be translated into Spanish, Chinese, Korean, and Vietnamese. The City will maintain a website for the districting process where notices, agendas, proposed maps, and videography of the committee meetings, among other items, will be posted.

11. **Expenses and Attorney's Fees.** If the CVRA Lawsuit is dismissed with prejudice pursuant to Paragraph 8 of this Agreement, the City will pay an amount for documented, actual and reasonable attorney's fees as determined by agreement of the Parties. The City will also pay appropriate documented costs and expenses that have been actually incurred pursuant to Code of Civil Procedure § 1033.5 or Elections Code § 14030. No later than thirty (30) days after the execution of this Agreement by the City, the Plaintiffs shall present to the City a fully documented demand for attorneys fees and expenses, including, without limitation, a chronological listing of hours spent on the CVRA Lawsuit, billing rates, and a detailed description of tasks performed for each attorney involved in the CVRA Lawsuit, and billing statements and receipts for each item of cost and expenses actually incurred ("Attorneys' Fee Documentation"). If the Parties agree upon the amount of such fees and expenses, the City will make payment of 50% of the agreed-upon amounts within forty-five (45) days of the date that the CVRA Lawsuit is dismissed with prejudice

pursuant to Paragraph 8 of this Agreement, or of the date of the Parties' agreement with respect to such fees and expenses, whichever date comes later. The balance will be paid within ninety (90) days of the first payment. In addition to attorneys' fees, costs and expenses as provided above, the City will pay Plaintiffs, at the time of the first payment of the agreed amounts, a multiplier on fees equal to $25,000.00, and no more. If the Parties are unable to reach agreement as to the amount of attorneys' fees and expenses within forty-five (45) days of the City's receipt of the Attorneys' Fee Documentation as provided in this Paragraph, Plaintiffs may file a motion for attorney's fees and expenses pursuant to Elections Code § 14030, as provided in Paragraph 21, below.

12. Litigation Standstill. Upon execution of this Agreement all litigation activities relating to the CVRA Lawsuit other than those necessary to effectuate this Agreement will be suspended and court calendar dates removed, including all pending motions and discovery; the March 17, 2014 trial date will be vacated. Unless otherwise agreed by the Parties, in the event either Party fails to meet any of the deadlines specified in Paragraphs, 1, 3, 5, 6, 7, and 8, above, upon 10 days notice to the other Party, the litigation standstill shall immediately cease.

13. No New Lawsuit. No Plaintiff, nor the Plaintiffs jointly, will file, or assist in any way (for example, and without limitation by soliciting new potential plaintiffs, referring new potential plaintiffs to Plaintiffs' counsel herein, or providing pleadings, briefs, reports, discovery, investigations or any other document or matter prepared in connection with, or anticipation of the CVRA Lawsuit) any other person to investigate, analyze, prepare for or file, another lawsuit against the City, alleging a violation of the California Voting Rights Act, Section 2 of the federal Voting Rights Act, or a voting rights violation under the Constitutions of the State of California or of the United States of America based on the facts alleged (or which could have been alleged) in the Complaint or in the First Amended Complaint in the CVRA Lawsuit through 2018.

14. Release of Claims. In return for the mutual promises and other consideration provided in this Agreement, Plaintiffs, for themselves and their past, present or future heirs, beneficiaries, executors, administrators, officers, directors, agents, partners, successors and assigns ("Releasors"), do hereby fully release, acquit, waive and forever discharge Defendant and its past, present or future council members, mayors, administrators, officers, employees, agents, successors and assigns ("Releasees"), from any and all claims, actions, causes of action, factual allegations, demands (including without limitation demands for equitable and injunctive relief), debts, damages, costs, expenses including expert fees, losses, or attorney's fees of whatever nature involving the City's electoral system, whether or not known, suspected or claimed arising out of, based on, or in any way related to (i) the facts alleged (or facts that could have been alleged) in

the Complaint and the First Amended Complaint, or (ii) the "at-large" electoral system of Defendant City, including, but not limited to Claims based upon the Constitution of the United States of America, the Constitution of the State of California, the CVRA, Section 2 of the federal Voting Rights Act, California Elections Code § 14030, or California Code of Civil Procedure § 1021.5 ("Claims"), which Claims the Releasors have or may have against the Releasees, except for attorney's fees and costs referenced in Paragraph 11, above, and except for rights to enforce this Agreement. In this Paragraph, the conjunctive includes the disjunctive.

15. Express Waiver of All Claims Under California Civil Code Section 1542. It is further understood and agreed that this Agreement extends to all of the above-described Claims and potential Claims, and that all rights under California Civil Code § 1542 are hereby expressly waived by Plaintiffs for themselves and the other Releasors with respect to all such Claims. Section 1542 provides as follows:

> "A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

Notwithstanding these provisions of Section 1542, Plaintiffs and Defendant expressly acknowledge that this Agreement is intended to include in its effect, without limitation, all Claims as described in Paragraph 14 based on the facts alleged (or that could have been alleged) in the Complaint or in the First Amended Complaint, which they do not know or suspect to exist in their favor at the time of execution hereof and that the settlement reflected in this Agreement contemplates the extinguishment of all such Claims, except for attorney's fees and costs referenced in Paragraphs 11, above and except for rights to enforce this Agreement.

16. Non-admission of Liability. This Agreement pertains to disputed Claims under a statute, the CVRA, and is not intended to be, and shall not be construed as an admission by any Party of the applicability of, or any violation of any statute or law or constitution, or any other improper or wrongful conduct. Defendant is entering into this Settlement Agreement to avoid the extremely high cost and expense of litigation, and to permit the voters of the City to decide whether to establish "by-district" elections for City Council members without the coercion or impediment of pending litigation.

17. Interpretation. The interpretation of this Agreement shall be governed by the laws of the State of California and any applicable laws of the

United States. This Agreement shall be construed as though jointly prepared by the Parties and any uncertainty or ambiguity shall not be construed against any one Party.

18. Admissibility of this Agreement. This Agreement constitutes a compromise of disputed claims and shall not be treated as an admission of liability by the City or any of the Releasees at any time or for any reason. This Agreement shall not be admissible in any legal or administrative proceeding, including proceedings between the City and the Plaintiffs or proceedings involving the City and any other party. Notwithstanding the generality of the foregoing, the Parties agree that once it is signed by the Parties, this Agreement shall be fully binding and admissible in any judicial or administrative proceeding: (a) to enforce the terms of this Agreement pursuant to California Code of Civil Procedure § 664.6 or otherwise; and (b) for breach of this Agreement's provisions.

19. After Execution of Agreement, Each Party to Bear Own Attorney's Fees, Costs and Expenses. After execution of this Agreement, and subject to provisions of Paragraph 11 of this Agreement, each Party will bear its/her/his/their own costs, expenses and attorneys' fees of whatever nature or cause, including, without limitation, associated with the ballot arguments, the November 2014 election, or participating in the process of establishing the electoral districts.

20. Jurisdiction and Venue. Subject to Paragraph 21, below, venue over any dispute that may arise under this Agreement shall be in the Superior Court in and for the County of Orange and shall be pursued as a related case to the CVRA Lawsuit. In the event that any action in law or equity is initiated by any party to enforce the provisions of this Agreement, to obtain a declaration of rights and obligations in conjunction therewith, or otherwise arising out of this Agreement, the prevailing party in such action as that term is defined in Code of Civil Procedure section 1032 shall be entitled to recovery of its reasonable attorney's fees and costs, including any costs incurred to retain expert witnesses in connection therewith.

21. Resolution of Disputes And Motion For Attorneys Fees.

A. If a) a dispute arises between the Parties seeking to enforce the provisions of this Agreement, to obtain a declaration of rights and obligations in conjunction therewith, or otherwise arising out of this Agreement, or the settlement, including the interpretation of the language of this Agreement, or b) the Parties are unable to agree on amounts to be paid to the Plaintiffs pursuant to Paragraph 11 for attorneys' fees, costs, and expenses, then prior to filing an action

to enforce this Agreement pursuant to Paragraph 20, above, or a motion for attorneys' fees pursuant to Paragraph 11, above, the Parties agree to mediate such dispute before Hon. Franz Miller, or if Judge Miller should be unwilling or unable to serve as mediator, then before a retired Judge of the Orange County Superior Court agreed to by the Parties. Either the Plaintiffs or the City may initiate that mediation by written notice to the other Party. If the Parties are unable to settle their dispute regarding the amount of attorneys' fees and/or costs to be paid by the City to the Plaintiffs within forty-five (45) days of the initiation of mediation, Plaintiffs may file a motion for attorneys' fees.

B. If Plaintiffs file a motion for attorneys', the City may challenge the reasonableness or appropriateness of any item of fees, costs or expenses but not Plaintiffs' entitlement to fees under Elections Code § 14030. Plaintiffs may recover attorneys' fees incurred in bringing a motion for attorneys' fees, costs and expenses if, and only if, they are successful in being awarded more than the sum of (1) the amount of the City's final written pre-motion offer for payment of attorneys' fees, costs, and expenses, and (2) more than fifty percent (50%) of the difference between that final offer and the Plaintiffs' final pre-motion written demand for attorneys' fees, costs and expenses. Except as provided, above, Plaintiffs shall not receive or be entitled to a multiplier on any fees or expenses awarded to them, even if Plaintiffs file a motion for fees pursuant to this paragraph.

22. Execution in Counterparts. This Agreement may be executed in counterparts, and facsimile or scanned signatures will have the same force and effect as the original.

23. Entire Agreement. The Parties acknowledge that no representations, inducements, promises or agreements, oral or otherwise, have been made by any Party or anyone acting on behalf of a Party which are not embodied herein, and that no other agreement, representation, inducement or promise not contained in this Agreement shall be valid or binding. Any modification, waiver or amendment of this Agreement will be effective only if it is in writing and signed by the Party to be charged.

24. Representation by Counsel. Each of the Parties expressly acknowledges and represents that it has been represented by counsel in the negotiations culminating in this Agreement. Each of the Parties has read this Agreement, reviewed the same with counsel, and fully understands the meaning and effect of each and every provision of this Agreement, in particular the meaning and effect of the releases and the waiver of rights under California Civil Code § 1542.

25. Mayor's Authority to Sign on Behalf of City. The City hereby confirms that upon approval of this Agreement by the City Council, the Mayor is authorized pursuant to Charter § 518 to sign this Agreement on the City's behalf.

26. Severability. If any term of this Agreement is declared invalid for any reason, that determination shall not affect the validity of the remainder of the Agreement. The remaining parts of this Agreement shall remain in effect as if the Agreement had been executed without the invalid term.

Dated: 12/31/13

Jose Moreno

Dated: 12/30/2013

Amin David

Dated: 12/30/2013

Consuelo Garcia

Dated: 1/7/14

City of Anaheim,
A California Charter City and
municipal corporation

by: Tom Tait
Mayor

Approved as to form:

Law Offices of Robert Rubin

By: Robert Rubin
Attorneys for Plaintiffs

Nielsen Merksamer Parrinello Gross & Leoni, LLP

By: Marguerite Mary Leoni
Attorneys for Defendant

EXHIBIT 1

TO SETTLEMENT AGREEMENT AND GENERAL RELEASE OF CLAIMS

Attachment No. 1 to City Council Resolution re By District Elections

CHARTER AMENDMENT MEASURE __

Section 1: TEXT OF AMENDMENTS TO ANAHEIM CITY CHARTER.

The City Charter of the City of Anaheim is hereby amended as follows (underlining showing additions and ~~strike-through~~ showing deletions):

Section 500. CITY COUNCIL. TERMS.

The elective officers of the City shall consist of a Mayor and four City Council members. Commencing with the general municipal election of November 2016, the City Council members shall be residents of their respective Districts, as established pursuant to Section 500.1, and nominated and elected only by the voters of their respective Districts; the City Council shall not submit to the voters any City Council-sponsored Charter amendment (as described in Elections Code section 9255(b)(1)) repealing Charter provisions requiring that City Council members be elected by voters of their respective Districts earlier than after the November 2018 general municipal election. The Mayor shall be elected from the City at large ~~and~~. The elective officers shall be elected at the times and in the manner provided in this Charter ~~who~~ and shall serve for a term of four years and until their respective successors qualify. The term "City Council," "legislative body," or other similar terms as used in this Charter or any other provision of law shall be deemed to refer to the collective body composed of the Mayor and ~~four~~ City Council members unless such other provision of this charter or other provision of law expressly provides to the contrary or unless such interpretation would be clearly contrary to the intent and context of such other provision.

~~The~~ Notwithstanding the second sentence in the first paragraph of this Section 500, or the first sentence in the first paragraph or the first sentence in the third paragraph of Section 501, the Mayor and members of the City Council in office at the time this Charter provision takes effect shall continue in office until the expiration of their respective terms and until their successors are elected and qualified. ~~The Mayor and two members~~ Recall proceedings, if any, of ~~the~~such City Council ~~shall be elected at~~ members serving the remainder of a term pursuant to this provision, and the ~~general municipal~~ election ~~held in November, 1994~~of a successor to such City Council member to complete that term, shall be conducted at large. The Mayor shall be elected at the general municipal election held in November 2014, and each fourth year thereafter. Two members of the City Council shall be elected at the general municipal election held in November~~, 1996~~ 2016, and each fourth year thereafter. Two members of the City Council shall be elected at the general municipal election held in November 2018, and each fourth year thereafter.

Ties in voting among candidates for office, including the office of the Mayor, shall be settled by the casting of lots.

Section 500.1 DISTRICTS.

For the purpose of electing the members of the City Council commencing with the November 2016 general municipal election, the City shall be divided into single-member districts equal in number to the number of City Council members, exclusive of the Mayor (each such district a "District" and, collectively, "Districts"). The City Council shall, by ordinance or resolution adopted on or before July 8, 2016, establish the names and respective boundaries of the Districts that shall be used for the election of the Council members, and the transition plan from at-large elections to District elections. Said Districts shall be in compliance with applicable laws and such other permissible criteria as the City Council may specify by ordinance or resolution.

Following each decennial federal census, and at other such times that the City Council by at least a two-thirds vote determines that a sufficient change in population has occurred, the City Council shall, by ordinance or resolution, adjust the boundaries of any or all of the Districts of the City so that the Districts shall be as nearly equal in population as may be, consistent with law applicable to the creation and rearrangement of the boundaries of local districts. No ordinance or resolution authorized by this section that would change District boundaries created by a prior ordinance or resolution may be adopted within 180 days prior to any general municipal election.

Any territory annexed to or consolidated with the City shall, prior to or concurrently with completion of the proceedings therefor, be added to an adjacent district or districts by the City Council by ordinance, which addition shall be effective upon completion of the annexation or consolidation proceedings notwithstanding any other provision of the Charter to the contrary.

Section 501. ELIGIBILITY.

No person shall be eligible to hold office as the Mayor or a member of the City Council unless he or she is and shall have been a resident and qualified elector of the City and, with respect to members of the City Council elected by-District, of the District of which he or she seeks office at the time of, and for the thirty-day period immediately preceding, filing of his or her nominating papers or such other equivalent declaration of candidacy as may be required or authorized by law, or at the time of, and for the thirty-day period immediately preceding, his or her appointment to such office.

No employee of the City of Anaheim shall be eligible to hold office as the Mayor or as a member of the City Council. An employee of the City of Anaheim shall resign from such employment prior to being sworn into office as an elected or appointed member of the City Council or as the Mayor. If such employee does not resign his or her employment with the City prior to being sworn into office, such employment shall automatically terminate upon his or her being sworn into office.

Every member of the City Council or candidate for City Council shall be and remain a qualified voter in the District from which he or she seeks office from the time of filing

nomination papers or such other equivalent declaration of candidacy as may be required or authorized by law, throughout the full term of his or her office, if elected or appointed in lieu of election. No creation of a District or change in the boundary or location of any District shall abolish or terminate the term of office of any City Council member prior to the expiration of the term of office for which the member was elected or appointed in lieu of election, notwithstanding any other provision of this Section, Section 500, or Section 500.1.

Section 503. VACANCIES

A vacancy in the office of Mayor or on the City Council, from whatever cause arising, shall be filled by appointment by the City Council, such appointee to hold office until the first Tuesday following the next general municipal election and until his or her successor qualifies. An appointee to the office of Mayor or to the office of member of the City Council shall have the qualifications for that office as set forth in Section 501; provided, however, that the vacancy of a City Council member elected at large may be filled without regard to District residency. At the next general municipal election following any vacancy, a successor shall be elected to serve for the remainder of any unexpired term. As used in this paragraph, the next general municipal election shall mean the next such election at which it is possible to place the matter on the ballot and elect a successor.

If the Mayor or a member of the City Council is absent from all regular meetings of the City Council for a period of thirty days consecutively from and after the last regular City Council meeting attended by such person, unless by permission of the City Council expressed in its official minutes, or is convicted of a crime involving moral turpitude, or ceases to be an elector of the City, or (as to any City Council member) ceases to be a resident and elector of his or her District, then his or her office shall become vacant. The City Council shall declare the existence of any such vacancy.

In the event it shall fail to fill a vacancy by appointment within sixty days after such office shall become vacant, the City Council shall cause an election to be held forthwith to fill such vacancy for the remainder of the unexpired term.

Section 2: COMPETING MEASURES, COMPLEMENTARY MEASURES.

If any other measure or measures related to the issues of the method of election of City Council members (including, without limitation, methods requiring City Council members to be residents of the district from which they are elected by the voters of the entire City at-large – sometimes called "from districts" or "residency district" methods) and/or the size of the City Council appear on the same ballot as this Charter Amendment measure, then it is the intent of the voters that the following shall apply:

(a) This Charter Amendment measure shall not be deemed to conflict with any measure or measures increasing the number of members of the City Council of the City of Anaheim that may be approved by a majority of the voters voting on such measure or measures at the same election. If this Charter Amendment measure and a measure increasing the number of members of the City Council of the City of Anaheim are approved by a majority of the voters voting at the

same election, then this Charter Amendment measure shall be deemed to be complementary to the other measure and both this Charter Amendment and such other measure shall take effect.

(b) In the event that this Charter Amendment measure and another measure or measures changing the method by which members of the City Council of the City of Anaheim are elected (including, without limitation, methods requiring City Council members to be residents of the district from which they are elected by the voters of the entire City at-large – sometimes called "from districts" or "residency district" methods) are approved by a majority of the voters voting at the same election, and this Charter Amendment measure receives a greater number of affirmative votes than any other such measure or measures, then such other measure or measures shall be deemed to be in conflict with this Charter Amendment measure, this Charter Amendment measure shall control in its entirety, and said other measure or measures changing the method by which members of the City Council of the City of Anaheim are elected shall be rendered void and without any legal effect.

(c) Notwithstanding (a), in the event that this Charter Amendment measure changing the method by which members of the City Council of the City of Anaheim are elected and another measure or measures both (1) increasing the number of members of the City Council of the City of Anaheim and (2) changing the method by which members of the City Council of the City of Anaheim are elected are approved by a majority of the voters voting at the same election, and this Charter Amendment measure receives a greater number of affirmative votes than any other such measure or measures both (1) increasing the number of members of the City Council of the City of Anaheim and (2) changing the method by which members of the City Council are elected, then such other measure or measures shall be deemed to be in conflict with this Charter Amendment measure, this Charter Amendment measure shall control in its entirety, and said other measure or measures shall be rendered void and without any legal effect.

Section 3: SEVERABILITY.

It is the intent of the people that the provisions of this Charter Amendment measure are severable and that if any provision of this Charter Amendment measure, or the application thereof to any person or circumstance, is held invalid such invalidity shall not affect any other provision or application of this Charter Amendment measure which can be given effect without the invalid provision or application.

Section 4: EFFECTIVE DATE.

This Charter Amendment measure shall become effective in the manner allowed by law.

Exhibit 2

1) THE CITY OF ANAHEIM CURRENTLY ELECTS BOTH ITS MAYOR AND ITS FOUR CITY COUNCIL MEMBERS USING AN AT-LARGE ELECTION SYSTEM. THE CITY INCORPORATED THAT SYSTEM OF ELECTION INTO ITS CHARTER IN 1965 WHEN THE POPULATION OF THE CITY WAS APPROXIMATELY 100,000. TODAY, THE CITY'S POPULATION IS APPROXIMATELY 346,000 AND COVERS APPROXIMATELY 51 SQUARE MILES CONTAINING NEIGHBORHOODS OF DIVERSE DEMOGRAPHIC AND SOCIOECONOMIC CHARACTER.

2) THE SYSTEM FOR ELECTING CITY COUNCIL MEMBERS AND THE MAYOR, SET FORTH IN THE CITY CHARTER, CAN BE CHANGED BY THE VOTERS IN ANAHEIM AT AN ELECTION CALLED FOR THAT PURPOSE. THIS MEASURE IS SUBMITTED TO DETERMINE WHETHER THE VOTERS OF ANAHEIM WANT TO CHANGE THE CHARTER PROVISION FOR THE ELECTION OF CITY COUNCIL MEMBERS (BUT NOT THE MAYOR) FROM AT-LARGE TO BY-DISTRICT.

3) IN THE AT-LARGE SYSTEM OF ELECTING CITY COUNCIL MEMBERS, CANDIDATES MAY RESIDE IN ANY PART OF THE CITY AND ARE ELECTED BY THE VOTERS OF THE ENTIRE CITY.

4) ONE ALTERNATIVE METHOD OF ELECTING CITY COUNCIL MEMBERS WOULD BE TO ELECT COUNCIL MEMBERS WITHIN GEOGRAPHICALLY DEFINED DISTRICTS WITHIN THE CITY ("BY-DISTRICT SYSTEM"). IN A BY-DISTRICT SYSTEM, A CANDIDATE FOR CITY COUNCIL MUST RESIDE IN THE DISTRICT WHICH HE OR SHE WISHES TO REPRESENT, AND ONLY THE RESIDENTS OF THAT DISTRICT GET TO DECIDE WHO THEIR REPRESENTATIVE WILL BE. ANAHEIM DOES NOT CURRENTLY USE THIS METHOD OF ELECTION, BUT OTHER CITIES AND ALL COUNTIES DO.

5) IN AN AT-LARGE SYSTEM, BECAUSE CANDIDATES ARE ELECTED BY ALL THE VOTERS IN THE CITY, THEY MUST CAMPAIGN FOR VOTES THROUGHOUT THE ENTIRE CITY. ADVOCATES OF THE BY-DISTRICT SYSTEM POINT OUT THAT SINCE THE CANDIDATES IN A BY-DISTRICT SYSTEM CAMPAIGN FOR ELECTION ONLY IN THE PARTICULAR DISTRICT WHERE THE CANDIDATES RESIDE, THE COST OF CAMPAIGNING MAY BE LOWER THAN IT WOULD BE IF THEY HAD TO CAMPAIGN THROUGHOUT THE ENTIRE CITY.

6) ADVOCATES OF THE AT-LARGE SYSTEM POINT OUT THAT SUCCESSFUL CANDIDATES TO THE CITY COUNCIL ARE ACCOUNTABLE THROUGH THE ELECTORAL PROCESS TO VOTERS THROUGHOUT THE CITY, NOT ONLY THE VOTERS IN A PARTICULAR DISTRICT OR GEOGRAPHIC AREA OF THE CITY.

7) ADVOCATES OF THE BY-DISTRICT SYSTEM POINT OUT THAT SUCCESSFUL CANDIDATES FOR ELECTION TO THE CITY COUNCIL ARE ACCOUNTABLE THROUGH THE ELECTORAL PROCESS TO THE VOTERS IN THEIR DISTRICTS, AND

NOT TO THE VOTERS THROUGHOUT THE ENTIRE CITY. THUS, A DISTRICT'S COUNCIL MEMBER MAY BE MORE RESPONSIVE TO THE PARTICULAR CONSTITUENT NEEDS IN THE DISTRICT.

8) THE MEMBERS OF THE CITIZENS ADVISORY COMMITTEE, CONVENED BY THE CITY COUNCIL IN AUGUST 2012 TO STUDY THE CITY'S ELECTORAL SYSTEM HAD DIFFERING OPINIONS ABOUT WHICH ELECTORAL SYSTEM THE CITY SHOULD USE, THE COMMITTEE, HOWEVER, UNANIMOUSLY VOTED TO SUPPORT PLACING THE QUESTION OF CHANGING THE CITY'S ELECTORAL SYSTEM TO A BY-DISTRICT SYSTEM ON THE BALLOT.

9) THE QUESTION OF WHETHER TO CHANGE THE AT-LARGE SYSTEM TO A BY-DISTRICT SYSTEM FOR CITY COUNCIL MEMBERS IS THE ONLY QUESTION BEING SUBMITTED TO THE VOTERS FOR THEIR CONSIDERATION IN THE CHARTER AMENDMENT PLACED ON THE BALLOT BY THIS RESOLUTION. THE MAYOR, ACCOUNTABLE TO THE CITY AS A WHOLE, WOULD CONTINUE TO BE ELECTED AT-LARGE.

10) THE CITY COUNCIL BELIEVES THAT THE VOTERS OF ANAHEIM SHOULD HAVE THE OPPORTUNITY TO DECIDE HOW THEY WISH TO ELECT THE CITY COUNCIL MEMBERS AND WHETHER TO CHANGE THE METHOD OF ELECTION OF THE CITY COUNCIL MEMBERS (BUT NOT THE MAYOR) FROM AN AT-LARGE TO A BY-DISTRICT SYSTEM, AS PROPOSED IN THE ATTACHED CHARTER AMENDMENT MEASURE.