

## **SECOND AMENDMENT TO EMPLOYMENT AGREEMENT [CITY MANAGER]**

This Second Amendment to Employment Agreement ("Second Amendment"), dated as of February 27, 2025 (the "Effective Date"), is entered into by and between the City of Lake Elsinore, a California municipal corporation ("Employer") and Jason Simpson ("Employee").

### **RECITALS**

A. By Employment Agreement dated February 9, 2021 (the "Agreement"), Employer engaged Employee to serve as City Manager of the City of Lake Elsinore.

B. Pursuant to Section 7 of the Agreement, the City Council conducted performance evaluations on November 9, 2021, May 10, 2022, March 17, 2023, February 27, 2024 and February 25, 2025 and found Employee's performance met or exceeded expectations.

C. Following closed session labor negotiations conducted in Closed Session on October 25, 2022, the City Council and Employee entered into that certain First Amendment to Employment Agreement dated November 8, 2022 ("First Amendment").

D. In accordance with the provisions of Section 3 of the Agreement and based upon the performance evaluation conducted on February 25, 2025, the Employee's salary shall be \$327,540.15 commencing the first pay period following the Effective Date of this Second Amendment. In addition, following closed session labor negotiations on February 25, 2025, the City Council directed the City Attorney to prepare this Second Amendment to adjust certain employee benefits as set forth hereinbelow.

### **AGREEMENT**

1. Section 2 "Term" subsection a is amended and restated in its entirety as follows:

"The term of this Agreement ("Term") shall commence on the Effective Date and shall expire February 26, 2035 unless earlier terminated as provided by Section 8 or Section 9 of this Agreement or extended by a subsequent writing executed by Employer and Employee. For purposes of this Agreement, a "year" is the twelve-month period commencing February 27 and ending February 26 throughout the Term."

2. Section 4 "Benefits" subsection a. is amended to add the following:

"For each calendar year commencing in year 2025 through the last day of the Term of this Agreement, Employer shall make contributions to the Employee's account under the Employer's 401(a) Plan", as follows:

1) Employer's total 401(a) contribution for each calendar year will equal the sum of (i) 2% of salary, plus (ii) the maximum contribution permitted under the tax laws to the Employee's account under the Employer's 457(b) Defined Compensation Plan ("457(b) Plan") for the calendar year, taking into account the "Age 50 Catch Up" provision and, if the year in question is one of the

three calendar years preceding the "normal retirement age" designated by the Employee under the 457(b) Plan, the "Special 3-Year Catch Up" provision.

2) The 401(a) Plan contributions will be made, in pro rata amounts, as soon as administratively practicable after the last day of each payroll period during the calendar year.

3) Notwithstanding the foregoing, the contributions will cease upon Employee's separation from City employment. Contributions for the final payroll period of the Employee's employment will be adjusted pro rata according to the separation date.

4) Employer shall pay 100% of the Employee's Cafeteria benefits selected from the Employer's Cafeteria Plan

3. Section 4 "Benefits" subsection c. is amended and restated in their entirety as follows:

c. Employee shall receive 12 fixed holidays and one personal paid holiday commensurate with paid holidays for full-time City employees. . In addition, in lieu of vacation, sick and administrative leave, Employee shall be entitled to 48 days per year paid time off ("PTO"); provided, however, commencing February 27, 2025 Employee shall be entitled to 60 days PTO with an additional 6 days of PTO on each anniversary thereof throughout the Term with a maximum PTO of 96 days per year. PTO shall be granted to Employee commencing on the Effective Date and each anniversary thereof throughout the Term; provided, however the maximum amount of accrued PTO at any time during the Term shall not exceed 96 days. If Employee receives fewer than the eligible PTO on any anniversary of the Effective Date because of the maximum accrual of 96 days, Employee shall be entitled to receive the unallocated PTO at any time during the year up to the aggregate of eligible PTO days so long as the total accrued PTO does not exceed 96 days. Employee shall have the option each year throughout the Term to cash out up to 160 hours of accrued PTO and may further elect to roll the cash equivalent into a qualified Section 457 deferred compensation plan, Section 401a deferred compensation plan or other qualified retirement plan subject to the provisions and limitations of the Internal Revenue Code and related regulations as amended from time to time. No PTO shall accrue after the date of dismissal and during the severance payout period as provided in Section 8.

4. Section 8 "Termination or Removal By Employer" subsection a "Without Cause" is amended and restated in its entirety as follows:

"Employee is an at-will employee serving at the pleasure of the City Council as provided in Section 36506 of the California Government Code and the Section 2.04.010 of the Lake Elsinore Municipal Code. The City Council may at any time during the Term dismiss or discharge Employee without cause upon notice delivered in writing. In the event Employee is so terminated prior to the expiration of the Term, Employer shall provide severance pay equal to the lesser of (i)

twelve months' salary and accrued PTO at the then current rate of pay, or (ii) salary based on the number of months remaining in the Term and accrued PTO at the then current rate of pay. Severance pay shall be paid in installments during each payroll period in amounts equal to Employee's salary together with the benefits owing under Section 4.a. and 4.e. The parties acknowledge and agree that Employee shall not be entitled to any severance payment for benefits set forth in Section 4.b., 4.c., 4.d., or 4.f. through 4.h. nor shall Employee accrue any additional PTO after the date of dismissal and during the severance payout period. Notwithstanding the foregoing, Employee can request, at any time during the severance payout period, to receive a lump sum for any remaining severance pay due under this Agreement and cessation of all benefits set forth in Section 4."

5. Except as provided herein, the terms and conditions set forth in the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF the parties have caused this Second Amendment executed as of the Effective Date first written above.

EMPLOYER

CITY OF LAKE ELSINORE:

\_\_\_\_\_  
Brian Tisdale, Mayor

ATTEST:

\_\_\_\_\_  
Candice Alvarez, MMC, City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
Barbara Z. Leibold, City Attorney

EMPLOYEE:

\_\_\_\_\_  
Jason Simpson, City Manager