

EMPLOYMENT AGREEMENT

This Employment Agreement ("Agreement") dated for identification purposes only as of February 9, 2021 is entered into by and between the City of Lake Elsinore, a California municipal corporation ("Employer") and Jason Simpson ("Employee"). This Agreement shall be effective as of February 27, 2021 ("Effective Date").

RECITALS

A. Prior to the Effective Date, Employee served as Assistant City Manager and Director of Administrative Services. Employee's original date of hire was February 3, 2014.

B. Employer desires to employ the services of Employee as City Manager of the City of Lake Elsinore. For purposes of this Agreement, references to "City Manager" shall be deemed to include the positions and duties of the City Manager as Executive Director of the Successor Agency and the Successor Housing Agency of the Redevelopment Agency of the City of Lake Elsinore, the Lake Elsinore Public Finance Authority, the Lake Elsinore Recreation Authority, the Lake Elsinore Facilities Financing Authority and the Lake Elsinore Parking Authority.

C. It is the desire of the City Council of the City of Lake Elsinore ("City Council") acting as the legislative body of Employer to (1) secure and retain the services of Employee, and (2) memorialize the salary, benefits, and terms and conditions of employment and to set working conditions of Employee herein.

D. Employee has the education, training and experience in local government management necessary to fulfill the duties of City Manager and desires to accept the City Council's appointment as City Manager of the City of Lake Elsinore.

AGREEMENT

1. Duties

During the Term (as hereinafter defined), Employee shall perform (a) the duties of City Manager, as such duties are prescribed by the laws of the State of California and Lake Elsinore Municipal Code Chapter 2.04, as the same now exists or as it may be amended subsequently, and all ordinances, resolutions and policies adopted pursuant thereto; and (b) such other duties as the City Council may lawfully assign to Employee.

2. Term

a. The term of this Agreement ("Term") shall commence on the Effective Date and shall expire February 26, 2027 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.

b. Employee shall remain in the exclusive employ of Employer throughout the Term. The term "exclusive employ" shall not be construed to include occasional teaching or writing performed in accordance with Section 6 of this Agreement during Employee's personal time so long as such activities do not interfere with the effective performance of Employee's duties as City Manager.

c. At the request of either party, the City Council and Employee shall meet and confer to discuss the extension of the Term at least six (6) months prior to February 26, 2027 or such later expiration date in the event the Term is hereafter extended.

3. Salary

a. Employer agrees to pay Employee for his services in the capacity of City Manager an annual salary of \$240,000, which shall be paid in the same manner and at the same time in accordance with the City's established payroll program or the payment of City employee salaries. Employee's salary shall be subject to customary withholding for taxes, social security and other required deductions.

b. Upon the condition that Employee meets performance expectations as determined by the City Council during Employee's February 2022 performance review and in each successive annual performance review conducted by the City Council during the Term as provided in Section 7, Employee shall receive a cost of living salary increase equal to the percentage increase in the cost of living for the most recently published prior twelve month period as shown by the U.S. Department of Labor in its All Urban Consumer Index for the Riverside Area, plus 1%. Notwithstanding the foregoing, no annual salary increase shall exceed 6%.

4. Benefits

Except as specifically provided otherwise herein, and in addition to the salary set forth in Section 3, Employee shall receive benefits consistent with other City employees hired as of February 3, 2014 as follows:

a. Employer shall deposit \$1,200 monthly into a qualified Employee Deferred Compensation Plan, such as a Section 457 deferred compensation plan, Section 401a deferred compensation plan or other qualified retirement plan, subject to the provisions of the Internal Revenue Code and related regulations as amended from time to time.

b. Employer shall purchase, for Employee's benefit, term life insurance coverage of \$270,000. Employer shall also provide worker's compensation insurance and long-term disability insurance coverage commensurate with the policy terms provided to full-time City Department Directors.

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"). 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 48 days 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 48 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.

d. Employee shall be paid for any mandatory jury duty service.

e. Employer contracts with the California Public Employee's Retirement System (PERS) for retirement benefits. Employer will pay only the City's portion and Employee shall pay the employee's portion equal to 7% of Employee's salary for participation in PERS. The PERS benefits shall be based upon a 2% at 60 formula. Retirement benefits shall be commensurate with all 2nd tier program City employees hired on or after July 1, 2011.

f. Employer shall provide Employee a full sized vehicle equipped with emergency response equipment as deemed necessary and appropriate by Employer which vehicle shall be leased or owned by Employer. Employer shall pay all liability, property damage and comprehensive insurance coverage on the vehicle. The City also shall pay for the purchase, operation (including fuels and lubricants), maintenance, and repair of the vehicle. Employee may use the vehicle provided by Employer for both business and personal use; provided, however, that personal use shall be deemed taxable income/compensation. Employee shall maintain accurate records of all personal use, if any, of the vehicle and shall pay all applicable income taxes thereon.

g. Employer shall bear the full cost of any fidelity or other bonds required of the Employee under any law or ordinance.

h. Employer shall provide Employee a \$40 per month allowance for use of his own cell phone for City related business.

5. Hours of Work

It is recognized that the Employee must devote a great deal of time outside the normal office hours on business for the Employer, and to that end Employee shall be allowed to establish an appropriate work schedule; provided, however, that Employee shall be available as often and for as much time as the position of City Manager requires. Employer recognizes that Employee generally works a 9/80 work schedule and that, for purposes of this Agreement, a "day" is 9 hours.

6. Outside Activities

Employee shall not spend more than five (5) hours per week, unless on approved PTO, for purposes of teaching, counseling or other non-Employer connected business without the prior approval of the City Council.

7. Performance Evaluation

Employer and Employee agree that periodic performance evaluations are an important means by which the City Council and Employee may ensure effective communications regarding expectations and performance. During the first year of the Term, Employer shall evaluate the performance of Employee in August 2021 and February 2022. Thereafter, Employer shall annually review the performance of the Employee every February; provided, however, a mid-term performance evaluation shall be conducted upon the request of either party. The performance evaluation shall be subject to a process, form,

criteria, and format for the evaluation that shall be mutually agreed upon by the Employer and Employee. The process at a minimum shall include the opportunity for both parties to meet and discuss the performance of Employee and to establish goals, objectives and/or performance standards as appropriate. Within 15 days of the evaluation meeting, Employer shall provide Employee a written summary of the performance evaluation.

8. Termination or Removal by Employer

Nothing in this Agreement shall prevent, limit or otherwise interfere with the right of Employer to terminate or remove the Employee as City Manager at any time, subject to the provisions set forth herein.

a. Without Cause. 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) six 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.

b. With Cause. The City Council may at any time during the Term discharge or dismiss Employee for cause which for purposes of this Agreement shall be defined as follows:

(1) Employee has been convicted of any criminal offense involving moral turpitude or any felony. The word "convicted" shall be construed to mean convicted in any manner referred to in Section 689 of the California Penal Code. The words "moral turpitude" shall be construed to mean any act done contrary to justice, honesty, modesty, or good morals or any willful or corrupt misconduct or deception for personal gain.

(2) Employee through negligence or willful misconduct has caused damage to public property or waste of public supplies.

(3) Employee has committed intentional or grossly negligent acts or inaction that materially and substantially impedes or disrupts the operations of the City or its organizational units, is detrimental to employee or public safety, or brings scandal or disrepute to the City.

(4) Employee violates Employer's properly established rules or procedures or is otherwise insubordinate which shall mean the willful refusal to obey lawful directions of the City Council or appear before the City Council, grand jury, court or other authorized

office or tribunal on any subject relating to the conduct of official business of the Employer or any department, board or commission thereof.

(5) Employee has been willfully and intentionally absent without PTO or has willfully and intentionally failed to report after PTO has expired.

(6) Employee suffers permanent or chronic disability that incapacitates him from proper performance of his duties.

Promptly after the effective date of such involuntary termination for cause, Employer shall pay Employee a lump sum amount equal to salary owing as of the effective date of the involuntary termination and accrued PTO. No severance pay shall be due or payable in the event of such involuntary termination for cause.

c. Subject to the applicable provisions of Government Code Section 54957, the decision to terminate or not renew this Agreement shall be made in closed session and confirmed by vote of the City Council in a public meeting. In recognition of Employee's professional status and integrity, Employee and the City Council shall prepare a joint public statement to be made by the City Council at the public meeting when termination is confirmed.

d. Employee may choose to resign his office instead of being terminated if a decision by the City Council to terminate has been made in closed session. In such an event, the public announcement as provided for in Section 8.c, will state that Employee has resigned. If Employee resigns pursuant hereto following a closed session determination by the City Council to dismiss Employee without cause, Employee shall be entitled to severance pay in accordance with the provisions of Section 8.a.

9. Termination or Resignation by Employee

Nothing in this Agreement shall prevent, limit or otherwise interfere with the right of the Employee to resign at any time from his position as City Manager subject only to the provisions set forth herein. Unless otherwise agreed to by the parties, in the event Employee desires to voluntarily resign his position with Employer as City Manager before expiration of the Term, Employee shall give Employer not less than three months advance written notice. Promptly after the effective date of such resignation, Employer shall pay Employee a lump sum amount equal to salary owing as of the effective date of the resignation and accrued PTO. Except as provided in Section 8.d, no severance pay shall be due or payable in the event of voluntary resignation by Employee pursuant to this Section 9.

10. Disability

If Employee is permanently disabled or is otherwise unable to perform his duties because of sickness, accident, injury, mental incapacity or health for a period of four successive weeks or for twenty working days over a thirty working day period, Employer shall have the option to terminate this Agreement in accordance with Section 8.

11. Professional Organizations

Employer agrees to annually budget and allocate funds to pay for the professional dues and subscriptions of Employee necessary for his continuation and full participation in

national regional, state and local associations and organizations necessary and desirable for his continued professional participation, growth and advancement, and for the good of the Employer.

12. Other Business Expense

Subject to all current and future City policies governing per diem and other business expenses, Employer shall reimburse the Employee for all other actual and necessary employment-related expenses including, but not limited to, travel, taxi and auto rental, lodging, meals, memberships and subscriptions to the publications of professional organizations, registration fees for training programs offered by such organizations, and incidental costs relating to attendance at such programs or the conferences and meetings of such organizations. Subject to the Lake Elsinore Municipal Code and the City's annual budget allocations, Employee shall undertake such activities at his option and such activities shall be considered as part of the Employee's duties. The Employee shall be reimbursed for additional expenses only as the Employer shall approve by motion passed by the City Council.

13. Indemnification

Employer shall defend, save harmless and indemnify Employee against any tort, professional liability claim or demand or other legal action, whether groundless or otherwise, arising out of an alleged act or omission occurring in the performance of Employee's duties as City Manager. Employer will compromise and settle any such claim or suit and pay the amount of any settlement or judgment rendered thereon. Notwithstanding the foregoing, Employer shall have no duty to indemnify, defend or hold Employee harmless from any criminal proceeding, or with regard to any civil, criminal or administrative proceeding initiated by him.

14. Other Terms and Conditions of Employment

The City Council shall fix any such other terms and conditions of employment, as it may determine from time to time, relating to the performance of Employee, provided such terms and conditions are not inconsistent with or in conflict with the provisions of this Agreement, the Lake Elsinore Municipal Code or any applicable law. Unless otherwise specified herein, Employee shall be entitled to benefits granted to Employees covered by the City's general compensation plan for all unclassified and various classified employees.

15. Conflict of Interest

Employee shall not engage in any business or transaction, or have a financial or other personal interest or association, direct or indirect, that is in conflict with the proper discharge of his official duties or that would tend to impair the independence of his judgment or action in the performance of his official duties. Employee acknowledges that he is subject to applicable state and local conflict of interest laws, regulations and disclosures.

16. Assignment; Personal Contract

Employer and Employee acknowledge that this Agreement is for the personal and professional services of the City Manager and that this Agreement is not assignable by either party.

17. Notices

Any notice given under this Agreement shall be in writing and either served personally or sent prepaid, first class mail. Any such notice shall be addressed to the other party at the address set forth below. Notice shall be deemed delivered immediately upon personal service or within 48 hours from the time of mailing if mailed as provided in this Section 17.

If to Employer: City of Lake Elsinore
Attn: City Attorney
130 South Main Street
Lake Elsinore, CA 92530

If to Employee: Mr. Jason Simpson
130 South Main Street
Lake Elsinore, CA 92530

18. Municipal Code

The provisions of Chapter 2.04 of the Lake Elsinore Municipal Code as now exists or as may be subsequently amended are incorporated by reference into this Agreement.

19. Amendments or Extensions

This Agreement may be modified, amended or extended only by a written document executed by both Employee and Employer and approved as to form by the City Attorney.

20. Waiver

Waiver of a breach or default under this Agreement shall not constitute a continuing waiver of a subsequent breach of the same or any other provision under this Agreement.

21. Severability

If any term or portion of this Agreement is held to be invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions of this Agreement shall continue in full force and effect.

22. Controlling Law Venue

This Agreement and all matters relating to it shall be governed by the laws of the State of California and any action brought relating to this Agreement shall, to the extent allowed by law, be held exclusively in a state court in the County of Riverside.

23. Mediation

The parties agree to make a good faith attempt to resolve any disputes arising out of this Agreement through mediation prior to commencing litigation. The parties shall mutually agree upon the mediator and share the costs of mediation equally. If the parties are unable to agree upon a mediator, the dispute shall be submitted to JAMS/ENDISPUTE ("JAMS") or its successor in interest. JAMS shall provide the parties with the names of five qualified mediators. Each party shall have the option to strike two of the five mediators selected by JAMS and thereafter the mediator remaining shall hear the dispute. If the dispute remains unresolved after mediation, either party may commence litigation.

24. Execution

This Agreement may be executed in several counterparts, each of which shall constitute one and the same instrument and shall become binding upon the parties when both parties hereof shall have signed at least one copy hereto. In approving this Agreement, it shall not be necessary to produce or account for more than one such counterpart.

25. Authority to Enter Agreement

Each party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and to bind each respective party.

26. Representation by Counsel


Employee acknowledges that this Agreement has been prepared by Leibold McClendon & Mann, P.C., as City Attorney for the Employer. Employee acknowledges that he has been informed that he is entitled to, and has been advised to seek, separate legal representation, and, accordingly, represents that he either (i) has engaged such counsel in connection with this Agreement, or (ii) has voluntarily decided to enter into this Agreement without such representation.

27. Entire Agreement

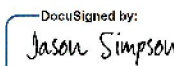
This Agreement constitutes the complete and exclusive statement of Agreement between the Employer and Employee. All prior written and oral communications, including correspondence, drafts, memoranda, and representations, are superseded in total by this Agreement.

IN WITNESS WHEREOF the parties have caused this Agreement executed on the date first written above.

CITY OF LAKE ELSINORE:

DocuSigned by:

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 Robert E. Magee, Mayor

EMPLOYEE:

DocuSigned by:

 1F551F83E6FE412...
 Jason Simpson, City Manager

ATTEST:

DocuSigned by:

 2341B149748C100...
 Candice Alvarez, MMC, City Clerk

APPROVED AS TO FORM:

DocuSigned by:

 A5086D9086AF48C...
 Barbara L. Leibold, City Attorney