CITY OF CANYON LAKE
EMPLOYMENT AGREEMENT
CITY MANAGER

This Agreement ("Agreement") is made and entered into this 1st day of March 2016, by and between the City of Canyon Lake (the "CITY"), a general law City, and Aaron Palmer ("Manager" or "City Manager"). This Agreement has been adopted by the City Council on March 2, 2016.

RECITALS

NOW, THEREFORE, IN CONSIDERATION OF THE FOREGOING AND THE MUTUAL COVENANTS HEREIN CONTAINED, THE PARTIES AGREE AS FOLLOWS:

I. EMPLOYMENT

A. Appointment of City Manager / Effective Date: The City Council appoints Aaron Palmer to act as its City Manager on the terms and conditions set out herein.

B. Term of Agreement:

1. The initial term of this Agreement shall be three (3) years. The term shall commence on March 1, 2016. The parties may extend this Agreement on the terms and conditions upon which they mutually agree.

2. Nothing in this Agreement shall prevent, limit or otherwise interfere with the right of the City to terminate this Agreement at any time, subject to the applicable provisions of Chapter 2.4 of the Canyon Lake Municipal Code. In the event of a conflict between the provisions of this Agreement and the Municipal Code, the provisions of the Municipal Code shall prevail. Nothing in this Agreement shall prevent, limit or otherwise interfere with the right of Manager to resign at any time from his position, as set forth below.

C. Termination of Employment:

1. The City Manager serves at the pleasure of the City Council that may terminate this agreement upon written notice without cause, subject to section B (2) above. If the City terminates City Manager any time after the effective date, the City Manager shall be entitled to

severance payment of three months base salary that shall be paid as directed by employee.

2. Notwithstanding, except for cause as defined in subsection (3) below, the City Council may not terminate this Agreement as provided in Section 2.04.140 for 90 days after a City Council election. If the Council determines to terminate the Manager during such time, he shall be entitled to payment for the remainder of the 90-day period.

3. City Manager may terminate this Agreement by giving the City thirty (30) days prior written notice in advance of termination, at the end of which period this Agreement will terminate, unless the City and City Manager otherwise agree. Upon termination, whether voluntary, or otherwise, City Manager shall be paid for all accrued, but unused, vacation leave except as provided in III (B) (1) below.

3. Misconduct: Notwithstanding any other provision of this Agreement to the contrary, this Agreement may be terminated by the City Council immediately, without severance, for misconduct as defined in Section 2.04.160 pursuant to the procedures set out in Section 2.04.150 upon written notice from the City Council to the City Manager, based upon the conviction of a crime of moral turpitude.

4. Notices: Notices pursuant to this Agreement shall be in writing given by deposit in the custody of the United States Postal Service, postage prepaid, addressed as follows:

(a) Mayor of the City of Canyon Lake, 31516 Railroad Canyon Rd, Canyon Lake, California, 92587.

(b) City Manager: _____, California.

II. POWERS, DUTIES AND RESPONSIBILITIES.

A. Employment Duties: MANAGER shall function as the City Manager of the CITY and shall be vested with the powers, duties, and responsibilities set forth in the Canyon Lake Municipal Code, the terms of which are incorporated by reference herein. In addition, MANAGER shall

perform such other duties as may be assigned by the City Council, without additional compensation.

B. Hours of Work: The City Manager has a 40 hour work week and generally shall be available in City Hall or on City business during working hours Monday through Thursday. Notwithstanding, City Manager shall be available to the City Council by phone or email on Friday during normal working hours and during other hours as needed by cell phone, email, text or in person.

C. Outside Professional Activities: The City Manager agrees to devote his productive time, ability and attention to the CITY's business during the term of this Agreement. City Manager may, without the prior approval of the City Council, undertake limited outside activities in teaching, writing, or consulting capacity, if performed outside of normal working hours and provided that such activities do not in any way interfere with or adversely effect his employment as City Manager of the performance of his duties as provided herein. Such outside activities shall only be undertaken during non-regular business hours or while Manager is on paid or unpaid leave.

III. Compensation of City Manager

A. Salary: Effective upon the effective date of this agreement, the City Manager shall receive a gross salary of $130,000 per year. The salary will be paid in equal monthly installments at the same time other employees of the CITY are paid and subject to the same deductions.

B. Benefits:

1. Vacation: The City Manager shall accrue vacation leave in accordance with the City's adopted personnel policy and procedure. The City Manager shall take vacation time with prior notice to the City Council. MANAGER may cash out up to 40 hours of accrued vacation time at the end of each calendar year. Upon termination of his employment with the City for any reason, all accrued vacation time shall be paid to him.

2. Sick Leave: The City Manager shall accrue sick leave at in accordance with the City's adopted personnel policy and procedure. Such

leave is only for employee or family illness or related reasons and will not be paid upon termination.

3. Holidays: The City Manager shall receive the same holidays as other City employees.

4. Management Leave: The City Manager shall be credited with 80 hours of management leave upon approval of the contract and thereafter shall accrue 80 hours of management leave annually on the anniversary date of the contract. Such leave will be lost if not taken by the end of the year.

5. Dental, Vision and Health Insurance: The City Manager and his eligible dependents shall be provided the same health, dental and vision insurances that are presently provided to the City's other employees. The City shall contribute $806.29 per month for these benefits or such other, greater amount as the City presently provides to other employees.

6. Retirement: The City Manager shall pay the employee's contribution to the Public Employees Retirement System. The City shall give the City Manager the CalPERS 2% at 62 formula as an employee and the benefit known as the single highest year calculation. The City does not participate in Social Security, so no deduction shall be taken from the City Manager's salary for this purpose.

7. Moving Expenses: The City Manager shall be eligible for reimbursement of moving expenses up to $3,000 total upon presentation of receipts. Should this contract terminate within the first year of his employment, the City Manager shall repay the amount of such moving expenses paid by the City. City Manager consents to the deduction of such amounts owed to him upon termination of the Agreement.

C. Associations and Subscriptions: The City shall budget and pay for the professional dues and subscriptions of the City Manager necessary for his continuation and full participation in, without limitation, the League of California Cities City Managers Department and the local county or regional City Managers Group or Association.

D. Professional Development

1. The CITY shall budget for and pay the registration, travel and subsistence expenses of the City Manager to attend the Annual League of California Cities Conference and the Annual League of California Cities City Manager Conference.

2. The CITY shall budget and pay for the travel and subsistence expense of the City Manager for short courses, institutes and seminars necessary for the good of the City and with the prior authorization of the City Council through the budget process.

E. Reimbursement for Expenses: The City Manager will receive reimbursement for all sums necessarily incurred and paid by him in the performance of his duties, including business lunches. The City Manager shall submit a claim form to the CITY in the form and manner required of any employee. This does not include travel to and from home to work. This allows the IRS level of mileage reimbursement for all City related travel outside the City limits.

F. Deferred Compensation: The City shall allow the City Manager to voluntarily pay into a deferred compensation plan, held by the City.

G. Indemnification: The CITY will indemnify and defend the City Manager as required by state law.

H. Bonding: The CITY shall bear the full cost of any fidelity or other bonds required of the City Manager under any law or ordinance.

I. Cell Phone: The CITY shall provide the City Manager with a cell phone for business use.

J. Maintenance of Benefits: The City Manager's salary and benefits shall not be changed for the duration of this contract except with the prior agreement of both parties.

IV. Performance Evaluation

A. The City Council shall review and evaluate the performance of the City Manager annually starting six months after his hire date, one year

after his hire date and annually thereafter. Said review and evaluation shall be in accordance with specific process, criteria and forms developed jointly by the City Manager and the City Council. Those criteria may be added to or deleted from as the City Council may from time to time determine in consultation with the City Manager. Further, the Council shall provide the City Manger with a summary written statement of the findings of the City Council and provide an adequate opportunity for the City Manager to discuss this evaluation with the City Council. The Council may consider giving the City Manager a salary increase, at their sole discretion, after the evaluation.

B. Annually, the City Council and the City Manager shall define in writing such goals and performance objectives as they determine necessary for the proper operation of the CITY and in the attainment of the City Council's policy objectives and shall further establish a relative priority among those various goals and objectives.

C. The City Manager will timely cause to be placed on the City Council agenda for each year a "closed session" for the purpose of the performance evaluation.

D. Notwithstanding, the City Council may evaluate the City Manager at any time for any reason.

V. Miscellaneous Provisions

A. Entire Agreement: This Agreement herein shall constitute the entire Agreement between the parties.

B. Binding Effect: This Agreement shall be binding upon and inure to the benefit of the heirs at law and executors of City Manager.

C. Severability: If any provision, or any portion thereof, contained in this Agreement is held unconstitutional, invalid or unenforceable, the remainder of this Agreement, or portion thereof, shall be deemed severable, shall not be affected and shall remain in full force and effect.

D. Governing Law: This Agreement shall be governed by the laws of the State of California.

F. Ambiguity: The parties agree that any ambiguity in this Agreement shall not be construed or interpreted against, or in favor of, either party.

G. Consistency: This Agreement is consistent with the provisions of the Canyon Lake Municipal Code, including Section 2.4.

I. Confidentiality: In the capacity as City Manager, Manager will receive information that is confidential pursuant to state and/or federal law. Subject to state and federal law, City Manager agrees to hold such information in the strictest confidence, and shall not disclose, use, or induce to assist in the use or disclosure of any such confidential information without the City's Council's prior written consent, except as may be necessary in the ordinary course of performing his/her duties as the City Manager.

IN WITNESS WHEREOF, the CITY has caused this Agreement to be signed and executed in its behalf by its Mayor and duly attested by its City Clerk, and the City Manager has signed and executed this Agreement, both in duplicate, the day and year first above written.

CITY OF CANYON LAKE:

By:----------
Tim Brown, Mayor

CITY MANAGER:

By: ----------
Manager

ATTEST:

By:----------
City Clerk

APPROVED AS TO FORM:

By:----------
Elizabeth Martyn
City Attorney