

**AMENDMENT NO. 3 TO
CITY MANAGER EMPLOYMENT AGREEMENT BETWEEN
AARON ADAMS AND CITY OF TEMECULA**

The Employment Agreement (“Agreement”) by and between the City of Temecula, a California Municipal Corporation (“City” or “Employer”), and Aaron Adams, an individual, (“Employee”), made and entered into as of June 1, 2013, as previously amended, is hereby further amended as provided in this Amendment No. 3 (“Amendment No. 3”). This Amendment No. 3 is effective July 1, 2019, except as otherwise indicated. In consideration of the mutual covenants hereinafter contained the parties agree as follows:

1. **Recitals.** This Agreement is made with respect to the following purposes and facts that each party acknowledges to be true and correct:

A. The Parties previously entered into the Agreement as of June 1, 2013, as amended by Amendment No. 1, approved February 14, 2017, and Amendment No. 2, approved May 9, 2017.

B. Pursuant to its terms, the Agreement, as amended, expires June 30, 2021, provided it is not sooner terminated, as set forth in the Agreement.

C. The Parties desire to continue of their employment relationship beyond expiration of the Agreement and have negotiated, personally or by their representatives, terms for an extension of the Agreement.

D. City and Employee desire to extend and amend the Agreement according to the terms of this Amendment No. 3, as provided below.

2. **Term.** Section 3 (Term) Paragraph A and B of the Agreement are amended to read as follows:

A. “The term of this Agreement, originally set for June 1, 2013 to June 30, 2017 and subsequently extended to June 30, 2021 is further extended to June 30, 2024, unless sooner terminated as provided in Paragraph 6 of this Agreement.”

B. “The term of this Agreement may be extended by mutual agreement of the parties in a written amendment to this Agreement or by a new written agreement, duly adopted by the City Council. Provided this Agreement is still in force, the City Council shall advise Employee on or before December 31, 2023 if the City Council intends to negotiate an extension of this Agreement. Employee shall remind the City Council during the month of November 2023 of the requirement for an indication of its intent. Should the parties decide to negotiate an extension, neither party is required to reach agreement.”

3. **Salary.** Section 4 (Salary), paragraphs A and B of the Agreement, as previously amended by Amendments No. 1 and No. 2, are further amended to read as follows:

A. “Except as otherwise expressly provided in the Agreement or this Amendment, effective July 1, 2019, Employee shall receive a base salary of \$245,863.00.”

- B. “Effective July 1, 2020, 2021, 2022 and 2023 Employee shall be entitled to a cost of living adjustment in base salary. The COLA shall be the lower of either the percentage change in the Annual Consumer Price Index (CPI) for Urban and Clerical Workers for Riverside-San Bernardino-Ontario, CA for the prior calendar year as compared to the Annual CPI of two calendar years prior, or 3%, but not less than 0%. For example, the July 1, 2020 COLA will be the percentage change between the 2019 Annual CPI and the 2018 Annual CPI, subject to a minimum of 0% and a maximum of 3%”

4. **Deferred Compensation and Retirement.** Section 5 (Hours of Work, Retirement, Insurance, Leaves and Holidays), paragraph C is amended as follows:

- C. “(1) In addition to base salary and other benefits, City shall make an employer contribution as provided in the table below to an Internal Revenue Code section 457(b) plan maintained by City. Employer contributions will be prorated and paid each pay period and will also be prorated for partial years. Employee will not be eligible for employer contributions if he resigns or is terminated prior to the commencement of contributions, as listed below and Employee is not eligible for pro-rated contributions following termination.”

| <u>Effective Date</u> | <u>Annual Employer Contribution*</u> | <u>Paid</u> |
|-----------------------|--------------------------------------|--------------------------|
| 7/1/19 - 6/30/20 | \$19,000 or IRS Maximum, if greater | Prorated Each Pay Period |
| 7/1/20 - 6/30/21 | \$19,000 or IRS Maximum, if greater | Prorated Each Pay Period |
| 7/1/21 - 6/30/22 | \$19,000 or IRS Maximum, if greater | Prorated Each Pay Period |
| 7/1/22 - 6/30/23 | \$25,000 or IRS Maximum, if greater | Prorated Each Pay Period |
| 7/1/23 - 6/30/24 | \$25,000 or IRS Maximum, if greater | Prorated Each Pay Period |

*Contributions are subject to IRS and Internal Revenue Code limits and requirements.

“(2) Employer shall establish a defined contribution Internal Revenue Code section 401(a) governmental profit sharing plan through either Nationwide Retirement Solutions or ICMA-RC or may establish a new group for Employee under an existing City 401(a) plan. In addition to base salary and other benefits, City shall make an employer contribution to the 401(a) plan as provided in the table below. Employer contributions will be prorated and paid each pay period and will also be prorated for partial years. If the plan is established after July 1, 2019, the initial contribution may include the period from July 1, 2019 to the day of the first contribution, to the extent that contribution is permissible under the plan document and IRS limitations. Employee will not be eligible for employer contributions if he resigns or is terminated

prior to the commencement of contributions, as listed below and Employee is not eligible for pro-rated contributions following termination.”

| <u>Effective Date</u> | <u>Annual Employer Contribution*</u> | <u>Paid</u> |
|-----------------------|--------------------------------------|--------------------------|
| 7/1/19 - 6/30/24 | \$10,000/year | Prorated Each Pay Period |

*Contributions are subject to IRS and Internal Revenue Code limits and requirements.

5. **Automobile Allowance.** Effective July 1, 2019, the amount of the automobile allowance provided in Paragraph 8 (Automobile) of the Agreement is changed from \$500 each month to \$600 each month.

6. Except as expressly modified in this Amendment No. 3, all provisions of the Agreement, as previously amended, shall remain in full force and effect.

IN WITNESS WHEREOF the parties have executed this Amendment No. 3.

CITY OF TEMECULA

Michael S. Naggar
Mayor

EMPLOYEE

Aaron Adams

Attest:

Randi Johl,
City Clerk

Approved As to Form:

Peter M. Thorson
City Attorney