

**SECOND AMENDMENT TO
CITY MANAGER EMPLOYMENT AGREEMENT**

This SECOND AMENDMENT TO CITY MANAGER EMPLOYMENT AGREEMENT is made and entered into this ____ day of _____, 2018, by and between the CITY OF MERCED, a California Municipal Corporation and Charter City ("Employer" or "City") and STEVE CARRIGAN ("Employee") an individual (collectively referred to herein as the "Parties").

RECITALS

- A. City is a municipal corporation duly organized and validly existing under the laws of the State of California with the power to carry on its business as it is now being conducted under the statutes of the State of California and the Charter of the City.
- B. The Parties entered into the City Manager Employment Agreement on or about December 7, 2013 (the "Agreement"), and the Agreement was unanimously approved by the Merced City Council.
- C. The Agreement was/is effective as of January 25, 2016, for a period of three (3) years, and will expire, unless extended by written agreement of the Parties, on January 25, 2019.
- D. A First Amendment to the Agreement was entered into on June 20, 2016 (the "First Amendment").
- E. The Parties desire to amend certain provision of the Agreement and extend the term of the Agreement.

NOW, THEREFORE, it is mutually agreed by and between the Parties that the Agreement shall be amended and extended as follows:

1. This Second Amendment to the Agreement ("Second Amendment") shall become effective on January 25, 2019. Subject to the City's right to terminate Employee's employment at any time as provided in the Agreement, the term of this Second Amendment is four (4) years, and shall expire on January 24, 2023, unless extended for an additional term as determined by mutual agreement in writing between the Parties.

2. SECTION 3, Subsection A of the Agreement entitled "Compensation and Performance Evaluation," is hereby amended to read as follows:

A. Effective January 25, 2019, Employer agrees to increase Employee's annual base salary to Two Hundred Nine Thousand Seven Hundred Twenty-Three Dollars (\$209,723.00), effective January 25, 2019, subject to deduction and withholding of any and all sums required for federal or state income tax, pension contributions, and all other taxes, deductions or withholdings required by then current state, federal or local law, prorated and paid on Employer's normal paydays for the City Manager, City Attorney, City Clerk, and any Department Directors not covered by collective bargaining agreements ("Executive Management Employees"). Employer shall also deduct sums Employee is obligated to pay because of participation in plans or programs described in Section 4 of this Agreement. The annual base salary of Employee shall be established by resolution of the City Council. Based on Employee's performance, as determined by the City Council in the exercise of its sole discretion, Employee may receive an annual cost-of-living adjustment (COLA) to his salary on the first pay period of the calendar year, commencing on January 1, 2020, of the actual COLA, but no greater than two and a half percent (2.5%). The COLA will be based on the California CPI for Urban Wage Earners and Clerical Workers for the 12 months between December and December as calculated by the Department of Industrial Relations as authorized by Government Code section 3511.1 and 3511.2.

This Agreement shall be deemed amended whenever the City Council adopts a resolution changing the base salary of Executive Management in Employees or in the manner (but not the amount) by which Executive Management Employees are paid.

3. SECTION 4, Subsection A of the Agreement entitled "Employee Benefits," is hereby amended to read as follows:

A. Administrative Leave, Vacation Leave, and Sick Leave.

Commencing on January 25, 2019, Employee shall be credited with fifteen (15) days of administrative leave per calendar year. Administrative leave must be taken in the calendar year in which it is credited to Employee. In lieu of time-off, Employee may opt to be paid for the management leave in December of the year in which it

was earned. Administrative leave not paid or taken by December of the year in which it was earned shall be lost and not reimbursed to Employee.

In lieu of vacation and/or sick leave, Employee shall accrue Paid Time Off ("PTO") at 10.158 per pay period with a maximum accrual of 1392 hours. Annual PTO shall be accrued and administered in the same manner as leave is administered for Executive Management Employees. Employee's Sick Leave accrued prior to the effective date of this Agreement shall remain in a separate Sick Leave account and is to be used as such.

4. SECTION 4, Subsection E of the Agreement entitled "Moving and Relocation Expenses," shall be revoked and of no further force and effect.

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

The effective date of this Second Amendment shall be January 25, 2019.

IN WITNESS WHEREOF, the Parties have caused this Second Amendment to City Manager Employment Agreement to be executed on the date first above written.

EMPLOYER
CITY OF MERCED

By: _____
Michael Murphy, Mayor

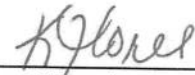
Date: _____

EMPLOYEE

By: 
Steve Carrigan

Date: 9/28/18

APPROVED AS TO FORM:

By: 
City Attorney

Date: 9/28/2018

ATTEST:

By: _____
City Clerk

Date: _____