

**EMPLOYMENT AGREEMENT BETWEEN CITY OF HAWTHORNE
AND ERICK B. LEE**

This Employment Agreement (Agreement) is entered into by and between the City of Hawthorne (City) and Erick B. Lee (Lee), with reference to the following facts and circumstances:

AGREEMENT TO EMPLOY

1. The City agrees to employ the services of Lee as Assistant City Manager upon the effective date of this Agreement. Upon the retirement, resignation, termination or other separation of the Interim City Manager, Lee shall be appointed to the position of City Manager.
2. Lee agrees to accept employment initially as Assistant City Manager and then as City Manager pursuant to the terms of this employment agreement.
3. Lee agrees to remain in the exclusive employ of the City during the term of this agreement and neither to accept other employment nor to become employed by any other employer unless his employment with the City is terminated. The term "employment" shall not be construed to include occasional teaching, writing, consulting or military reserve service performed on Lee's time off.

EFFECTIVE DATE AND TERM

4. The effective date of this Employment Agreement shall be May 28, 2020. Unless earlier terminated, this Agreement shall expire on May 28, 2024.
5. On completion of the initial four (4) year term of the Employment Agreement specified, and in the event that the Employment Agreement is not renewed before the expiration date, the Employment Agreement will revert to a month-to-month Agreement unless or until modified in writing.

DUTIES

6. Upon the effective date of this Agreement, Lee's title shall be Assistant City Manager. The Assistant City Manager shall be the assistant administrative head of the city government under the direction and control of the Interim City Manager and the City Council. In this capacity, Lee shall be

responsible for assisting the Interim City Manager in the performance of his duties as specified in Hawthorne Municipal Code Section 2.04.040. During the times that the Interim City Manager is unavailable, Lee shall be the Acting City Manager.

7. Upon the appointment of Lee to the position of City Manager, he shall be responsible for the performance of the City Manager's duties as specified in Hawthorne Municipal Code Section 2.04.040

COMPENSATION

8. City shall compensate Lee with a base salary of \$220,000 annually during the term of this Agreement that he is employed as Assistant City Manager.
9. City shall compensate Lee with a base salary of \$228,000.00 annually during the term of this Agreement that he is employed as City Manager.
10. Lee is an exempt employee and is not entitled to overtime. Lee's salary shall be subject to withholding and other applicable taxes and shall be payable to Lee on a pro rata basis at the same time as other employees of the City are paid. Lee shall not be a member of the bargaining unit represented by the Hawthorne Executive Group (HEG), and the provisions of the HEG MOU shall not apply to Lee unless specifically so provided in this Agreement.

FRINGE BENEFITS

11. Lee shall receive the following fringe benefits.
 - A. Lee shall accrue vacation leave at the rate of 3.08 hours per pay period through the first five years of employment. At the completion of one (1) year of full time service, Lee shall accrue vacation leave at the rate of 4.62 hours per pay period. At the completion of five (5) years of full time service, Lee shall accrue vacation leave at the rate of 5.7 hours per pay period. Vacation leave shall accrue on an unlimited basis.
 - B. Upon the effective date of this agreement, City shall advance Lee 24 hours of sick leave. Lee shall accrue sick leave at the rate of 3.69 hours for each bi-weekly pay

period in which the employee actually worked, or was on paid leave for a minimum of forty (40) hours. Lee will not be entitled to receive the value of his accumulated sick leave upon separation from employment, whether that be from voluntary resignation, retirement, or termination.

- C. Lee shall be entitled to eighty (80) hours of administrative leave per calendar year. Administrative leave shall accrue at the rate of 3.08 hours per bi-weekly pay period and shall accrue on an unlimited basis.
- D. If Lee is involved in an industrial accident resulting in loss or inability of work for 10 days, he shall receive full pay for the first seven (7) days of resulting absence from work without loss of accumulated sick leave.
- E. Bereavement Leave. In the event of death of a member of Lee's immediate family, defined as spouse, child, step-child, mother, mother-in-law, stepmother, father, father-in-law, stepfather, grandparent, sister, brother, or registered domestic partner with the State of California, Lee shall be entitled to three (3) consecutive working days without loss of pay, and not charged to sick leave, in order to arrange for and attend the funeral, take care of post-death tasks, and grieve. If the circumstances require the employee to travel in excess of 500 miles, one way, to attend said funeral, two (2) additional days without loss of pay or charge to sick leave shall be granted.
- F. Auto Allowance. Lee shall be entitled to \$600 per month as an auto allowance.
- G. Deferred Compensation. The City will contribute \$250 per month to Lee toward his 457(b) Deferred Compensation Plan. In addition, the City will match Lee's contribution to the City's 457 Deferred Compensation Plan up to \$50/month.
- H. Lee shall be entitled to forty (40) hours of personal holidays per year. If any City recognized holiday falls on an otherwise scheduled closed Friday, Lee shall be entitled to an additional 8 hours of floating holiday time for each such day.
- I. Once he completes twelve (12) months of service, Lee may cash out up to 120 hours of sick leave annually.

- J. Lee may cash out up to 120 hours of vacation time annually.
- K. Lee shall be entitled to nine (9) hours of paid leave for those holidays observed on a Monday through Thursday and eight (8) hours for holidays that are observed on Fridays. The following days shall be considered fixed holidays: 1) New Year's Day; 2) Martin Luther King Day; 3) Presidents Day; 4) Cesar Chavez Day; 5) Memorial Day; 6) Independence Day; 7) Labor Day; 8) Veterans Day; 9) Thanksgiving Day; 10) Day after Thanksgiving; 11) Christmas Eve; and 12) Christmas Day.
- L. Lee shall be paid his regular salary if he is summoned to serve as a trial juror, for a period not exceeding ten (10) days, pursuant to City Council Resolution No. 5342.
- M. Lee shall be entitled to medical, dental and vision insurance with the full premiums, employee only, paid by the City. If Lee enrolls in insurance plans that include coverage for additional dependents or family members, he will be responsible for paying the remainder of the premium amount after the "Employee Only" portion has been subtracted.
- N. Lee shall be entitled to life insurance and accidental death and dismemberment, the City's Employee Assistance Program and long term disability program in the same or similar manner as HEG MOU, paid by the City.
- O. Lee may enroll in the Flexible Spending Account Plan pursuant to the provisions of Sections 125 and 129 of the Internal Revenue Code which allow employees to allocate a designated portion of their salaries to a Flexible Spending Account used to pay (1) health and dental insurance premiums, (2) medical expenses not paid by a health insurance carrier and/or (3) child care expenses. Any amounts so allocated but not expended for those purposes shall be forfeited by the employee. Participation in this benefit is voluntary.
- P. CalPERS Pick-Up. The City shall pay to CalPERS an amount equal to 8% of the member's normal contribution as EPMC and shall report the same percent (value) of

compensation earnable to CalPERS as additional compensation. Pursuant to the provisions of section 414(h)(2) of the Internal Revenue Code, the 8% contribution will be paid on a pre-tax basis.

Q. Technology. Lee has declined the use of a City-owned smart phone (iPhone or equivalent).

PERFORMANCE REVIEW

12. The Interim City Manager may periodically review Lee's performance as Assistant City Manager. The City Council shall annually review Lee's performance as City Manager.

BENEFITS UPON RETIREMENT

13. As a "miscellaneous employee," the City shall provide to Lee the 3% @ 60 retirement formula. As a Classic Member, his retirement formula will be based upon his one year of highest compensation per Government Code.
14. Lee shall be granted the option of selecting medical insurance coverage from a list of carriers that exist as choices for other current retirees of HEG, except as limited by law. Such insurance coverage shall be provided at no cost to Lee. If Lee is receiving health care insurance at the time of his retirement, he shall be entitled to maintain enrollment in the City's health plan, as per the established guidelines and rule of CalPERS. The City shall pay an amount equal to employee only coverage for the health plan in which the employee is enrolled, less any administrative fees required by the plan. If Lee is not enrolled in a health plan at the time of retirement, he shall not be eligible for this benefit.

TERMINATION OF AGREEMENT

15. Since Lee shall be employed "at-will," he shall have no property rights to City employment and therefore the City may terminate this Agreement, and Lee may resign, at any time, without cause, prior notice or appeal or grievance rights. Notice of Termination of the month-to-month agreement must be given in writing with 30-days advance notice of the termination date (the "Notice Period"). During the Notice Period, Employee will continue to receive the then-applicable salary and benefits specified in this Agreement,

and shall continue to perform the Duties of Employment as defined.

16. In the event of the City's termination of this Agreement without cause (either by the Interim City Manager when Lee is employed as Assistant City Manager or the City Council when Lee is employed as City Manager), the City shall pay Lee a severance payment equal to three months of his then current monthly salary, net of all regular withholdings, and exclusive of all benefits. All severance payments shall be made to Lee within thirty (30) days of the effective date of his termination without cause.
17. If City terminates this Agreement (thereby terminating Lee's employment) with cause, Lee shall not be entitled to any severance. As used in this Agreement, cause shall mean any of the following:
 - A. Conviction of a felony;
 - B. Conviction of a misdemeanor arising out of Lee's duties under this Agreement and involving a willful or intentional violation of law;
 - C. Continued willful abandonment of duties following a ten-day written notice to cure from the City Manager when employed as Assistant City Manager or the City Council when employed as City Manager;
 - D. A pattern of repeated, willful and intentional failure to carry out materially significant and legally constituted policy decisions of the City Council made by the City Council as a body; and
18. If Lee terminates this Agreement (thereby terminating Lee's employment), Lee shall not be entitled to any severance.
19. At termination, for whatever reason, Lee will be compensated for all accrued but unused vacation leave and administrative leave. The rate of pay off shall be based on the rate of base pay at the time of termination.

ASSEMBLY BILL 1344 COMPLIANCE

20. To the extent CITY provides (i) paid leave to Employee pending an investigation; (ii) funds for the legal criminal defense of the Employee; and/ or (iii) a cash settlement to Employee related to the termination of the Employee pursuant to Paragraph 10 of this Agreement and Government Code Section 53243 et seq., Employee shall fully reimburse the City for any and all amounts paid by the City which fall within subsection (i) through (iii) of this section in the event that the Employee is convicted of a crime involving the abuse of his office or position.

OTHER TERMS AND CONDITIONS

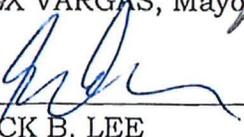
21. This is the entire Employment Agreement between City and Lee and supersedes any previous agreements, writings, notes or oral understandings.
22. This Employment Agreement may be amended by both parties provided such amendments are approved in a duly convened Brown Act meeting by the City Council.
23. If any provision of this Employment Agreement shall be held invalid by a final decision of a court of law, the remainder shall nevertheless be deemed valid and effective.

CITY OF HAWTHORNE

May 1, 2020

By: 
ALEX VARGAS, Mayor

May 1, 2020

By: 
ERICK B. LEE

APPROVED AS TO FORM:

May 1, 2020

By: 
RUSSELL MIYAHIRA, Esq.
City Attorney