

**AMENDMENT NO. 1 TO THE  
CITY MANAGER EMPLOYMENT AGREEMENT**

The Employment Agreement between the City of Norwalk, a California municipal corporation ("City"), and Michael J. Egan, an individual ("Egan"), entered into as of August 25, 2011, is amended, as provided below. City and Employee are sometimes individually referred to as "Party" or collectively as "Parties."

**Recitals**

- A. City and Egan entered into an employment agreement as of August 25, 2011 ("Agreement").
- B. Egan has proposed that his employment contract be amended to transition away from payment by the City of the member contribution to the California Public Employees' Retirement System (PERS). As a result, the Parties desire to phase out this payment in a two step process.
- C. The Parties desire to extend the initial termination date for an additional five years from August 25, 2014, while continuing terms providing for two year extensions in the absence of timely notice of non-renewal and also continuing existing separation provisions.
- D. The Parties desire to provide for an annual cost of living adjustment based on the Consumer Price Index measure permitted under the California Government Code.
- E. The Parties intend to extend additional flexibility to Egan in the direction of the existing employer contribution into either the City's existing 457 or existing 401(a) deferred compensation plans, to the extent legally permissible.
- F. The Parties desire to amend the Agreement according to the terms of this Amendment No. 1 to the City Manager Employment Agreement ("Amendment"), as provided below.

**Agreement**

In consideration of the mutual obligations of the Agreement and this Amendment, it is agreed as follows:

Section 1. Sub-section A(2)(c) (Public Employees' Retirement System (PERS)) of Section 4 (Compensation) is amended to read in its entirety as follows:

"(c) Public Employees' Retirement System (PERS)

The City contracts with the California Public Employees' Retirement System for retirement benefits. The City will pay both the City's share and Egan's share for participation in the Public Employees'

Retirement System to the same extent as the City pays the employee share for management employees of the City through July 1, 2014. Commencing the first full pay period on or after July 1, 2014, or as soon thereafter as it may legally be implemented, Egan shall contribute one-half of the 8% employee share. If at any time between July 1, 2014 and July 1, 2016 the management employees' contribution increases above 4%, Egan will begin contributing the equivalent amount. Commencing the first full pay period on or after July 1, 2016, Egan will pay the full employee share of 8%."

Section 2. Sub-section A(1) (Initial Term) of Section 7 (Miscellaneous Provisions) is amended to read in its entirety as follows:

"(1) Initial Term

The Term shall be for a period commencing on August 25, 2011 and continuing until August 24, 2019 (the initial "Termination Date")."

Section 3. Sub-section (A)(1)(a) (Base Salary) of Section 4 (Compensation) is amended to read in its entirety as follows:

"(1) Base Salary

(a) The annual base salary for the position of City Manager shall initially be \$218,500.00. Commencing on the August 25, 2014 anniversary date and each annual anniversary thereafter, Egan shall receive a cost of living adjustment, based on an increase in the "Cost of Living" as defined in California Government Code §3511.1, as it currently exists or may be modified in the future. The cost of living adjustment will be calculated by comparing the June index number published for the current year to the corresponding index number for June one year earlier.\* The "California" or "Los Angeles/Riverside/Orange County" index will be used, whichever produces the lowest cost of living adjustment for that year's calculation. Employee's base salary will be increased by this amount prospectively without the need to amend this Agreement. Except as may otherwise be described in this Agreement, subsequent increases (in addition to Cost of Living) must be agreed to by both Parties and require formal action of the City Council.

$$* (A - B)/B * 100 = i$$

A = Most recent index

B = Corresponding index for one year earlier

i = Cost of living adjustment, in percent."

Section 4. Sub-section (A)(2)(b) (Section 401(a) Plan) of Section 5 (Security) is amended to read in its entirety as follows:

“(b) Section 401(a) Plan.”

The City shall take all actions necessary to establish a Section 401(a) Plan with the ICMA Retirement Corporation, or other mutually acceptable trustee, for the benefit of Egan, including any administrative or set-up fees.

At any time during the term of this Agreement, the City Council, at its sole discretion, may direct by minute order that an amount not to exceed the annual limits established by the IRS, be contributed to the Section 401(a) Plan established for Egan. In addition, to the extent permitted by law, regulation, and the applicable plan document(s), Egan may designate some or all of the employer 457 Plan contribution to be made to this 401(a) Plan.”

Section 5. Except as otherwise specified, this amendment will be effective as of the date on which all parties have executed it.

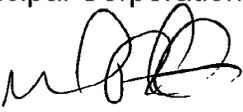
Section 6. Except as expressly modified by this Amendment, all provisions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF the Parties have executed this Amendment.

“City”

“Egan”

CITY OF NORWALK  
A Municipal Corporation

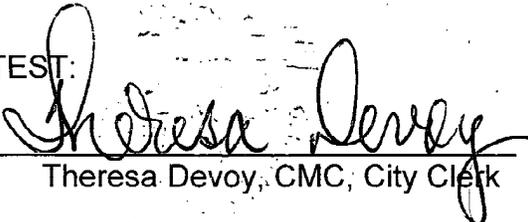
By:   
\_\_\_\_\_  
Marcel Rodarte, Mayor

  
\_\_\_\_\_  
Michael J. Egan

Date: 8/11/2014

Date: 8-7-14

ATTEST:

By:   
\_\_\_\_\_  
Theresa Devoy, CMC, City Clerk

APPROVED AS TO FORM:

By:   
\_\_\_\_\_  
Steven L. Dorsey, City Attorney