

EMPLOYMENT AGREEMENT

Employment Agreement ("Agreement") dated this 19th day of December, 2022, is entered into between Kathleen E. Hodgson ("Employee"), and the City of Lakewood, Colorado ("City").

1. Nature and Purpose of Agreement.

The City Council of the City has resolved to retain Employee as City Manager of the City and has determined what reasonable total compensation and other employment terms should be for Employee. The City has offered Employee employment for such total compensation and related benefits as discussed below. The City and Employee agree that the terms of this Employment Agreement do not supersede the provisions of the Home Rule Charter, and to the extent they do conflict with the Home Rule Charter, the Home Rule Charter shall prevail. The City and Employee also agree that to the extent this Employment Agreement is in conflict with provisions of the Lakewood Municipal Code, the Employment Agreement shall prevail.

2. Employment.

Employee hereby accepts employment with the City upon the terms and conditions set forth in this Agreement.

3. Employee's Duties.

Employee shall be employed as the City Manager of the City in a full-time capacity. As such, it shall be Employee's responsibility to be the Chief Administrative Officer of the City, as set forth in the Lakewood City Charter. Should the position of City Manager be eliminated from the City's Charter, Employee shall be entitled to Severance compensation, provided in Section 12 of this Agreement.

4. Term.

The term of this Agreement shall commence on ___ day of December, 2022 and shall be in full force in effect unless terminated by the Employee or the City, unless amended or sooner terminated as provided in this Agreement. This amended Agreement shall supersede and terminate the Employment Agreement dated December 8th, 2014.

5. Compensation.

(a) Commencing on April 1, 2023, and annually thereafter, the City Manager's Base Salary shall automatically be adjusted to reflect the average increase for all City employees for the corresponding year. In addition, the Employee shall be eligible for a further 3% increase based on an overall performance rating of "Meets" or "Exceeds Expectations" during the Annual Review (outlined in section 6). The Base Salary shall be payable in installments, less legally required withholdings, consistent with the City's payroll procedures in effect from time to time.

(b) In addition to the Base Salary, the City shall, on behalf of the Employee, contribute the full cost of participation in the Lakewood Employee's Money Purchase Pension Plan, and the City shall, on behalf of the Employee, contribute the then maximum amount allowable under applicable regulation to the City of Lakewood Amended and Restated Deferred Compensation Plan (together, the "Additional Compensation").

6. Annual Review.

The City and Employee agree that subject to the City's Personnel Policy and the Lakewood City Charter, as applicable, the City shall annually review Employee's job performance prior to April of each year. The Annual Review process will be coordinated, facilitated, and led by the Mayor and Mayor Pro Tem, with the technical assistance of the Director of Human Resources or designee and will culminate in written feedback and a consensus rating of "Does Not Meet", "Meets" or "Exceeds" expectations. This rating will be used to for the purpose of determining the additional salary increase as described in section 5.

7. Residency

The City and Employee acknowledge that pursuant to Section 3.1 of the Lakewood City Charter Employee is obligated to reside with the corporate boundaries of the City.

8. Facilities.

The City shall furnish office facilities and assistance for Employee as the City deems appropriate for the performance of Employee's duties.

9. Benefits.

(a) In addition to the unexpired benefits set forth in the 2014 employment agreement, and any other unexpired benefits, the Employee shall receive 20-days of Executive Leave Time which may be used in any manner desired with the intent of advancing leadership succession & organizational development planning for the City by the Employee. Executive Leave Time shall be used in full day (8 hour) increments, and executive leave that is not used by the end of each calendar year shall be compensated and not carry over to the following calendar year.

(b) In lieu of provisions of the Lakewood Municipal Code pertaining to an automobile allowance, the City agrees to pay to the Employee, during the term of this Agreement and in addition to other salary and benefits herein provided, a reduced sum equivalent to the amount of car allowance in the September 14, 2009, Agreement, payable monthly, as a vehicle allowance to be used to purchase, lease, or own, operate, insure, and maintain a vehicle. The monthly allowance shall not be increased, unless authorized by the City Council.

(c) Upon Retirement, Employee may participate in the City's medical and dental benefits plan, at the same rates and benefits as a Department Director. Employee shall pay her portion of medical and dental benefits as paid by then Department Directors.

10. Expenses.

Employee may be required as a condition of employment to incur reasonable and necessary expenses in connection with her duties hereunder. Employee shall be reimbursed by the City in accordance with the City's expense reimbursement policy; provided, however, before payment shall be made to Employee, all requests for reimbursement shall be reviewed by and shall not be paid unless approved by the Mayor.

11. Resignation by Employee.

In the event that the Employee voluntarily resigns her position with the City, the Employee shall provide a minimum of 60 days' notice unless the parties agree otherwise. In the event that the Employee voluntarily resigns her position with the City, she shall not be entitled to any Severance benefits under this Agreement.

12. Termination and Severance.

(a) If Employee is terminated because of a conviction of a felony, the City is not obligated to pay Severance.

(b) For purposes of this Employment Agreement, "Total Compensation" shall include base Salary, Additional Compensation, prior year Bonus (if any), the annual costs of health insurance for Employee and all dependents, the annual costs of life insurance, costs of short-term and long-term disability, and the annual automobile allowance.

(c) Upon termination, or an election to become "Retired," meaning the Employee voluntarily separates from employment with the City, the Employee shall also be compensated for all accrued sick leave, vacation time, and all paid holidays.

(d) In the event of termination of the Employee's employment by the City without cause, i.e. not terminated pursuant to subsection (a) of this Section, the City shall pay Severance to Employee, in lump sum, an amount equal to two years Total Compensation, calculated from Employee's final day of employment. In the event the Employee elects to become Retired from the City, the City shall pay to employee, in lump sum, an amount equal to the pro-tata Total Compensation earned as of her final day of employment.

13. Termination for Total Permanent Disability.

Employee's employment may be terminated six (6) months after Employee becomes totally and permanently disabled. As used herein, totally and permanently disabled shall be defined as: (1) if Employee is receiving total permanent disability payments pursuant to any disability program under which she is covered, whether owned by the City or otherwise; or (2) in the absence of such disability program, if (a) Employee's attending physician certifies that Employee is unable to perform her duties as set forth herein for the City and that such condition is total and permanent; and (b) in the event that Employee does not timely consult such attending physician and the City reasonably believes Employee to be so disabled, the City may get such examination from a properly qualified physician who shall conduct such examinations as is appropriate to determine whether or not Employee is so totally and permanently disabled; and (c) such condition continues for a period of six (6) months.

Either party may contest a determination by Employee's attending physician or the City's physician that she is or is not so disabled by sending written notice to the other party of such contest of determination within ten (10) days of the receipt by such party of the notice of determination. In the event that the parties are unable to resolve such dispute, such dispute shall be submitted to binding arbitration pursuant to the rules of the American Arbitration Association in Denver, Colorado.

If Employee is terminated because of Total Permanent Disability, she shall receive Severance compensation as set forth in Section 12 of this Agreement, and that shall be offset by the present value of any disability compensation.

14. Arbitration.

Whenever any dispute arises under this Agreement, the parties agree that, upon written demand of either party, such dispute shall be submitted to arbitration pursuant to the rules of the American Arbitration Association or its successor. The determination of the arbitrator shall be final and absolute. The arbitrator shall be governed by the duly promulgated rules and regulations of the American Arbitration Association

or its successor, and the pertinent provisions of the laws of the state of Colorado relating to arbitration. The decision of the arbitrator may be entered as a judgment in any court in the state of Colorado or elsewhere.

15. Compliance with Amendment.

It is the intent of the City and Employee to comply with the provisions of Article X, Section 20 of the Constitution of the State of Colorado, including in particular subsection 4 (b), as approved by the voters on November 3, 1992 ("Amendment 1 "). Therefore, the parties agree that this Agreement is subject to an annual appropriation by the City Council and that the failure to make any such required appropriation, unless such action is the result of a prior termination for cause, will be deemed a termination without Cause. The City and Employee further agree and acknowledge that the City has established an adequate present cash reserve pledged irrevocably and held in an investment trust for future payments, if required, in an amount sufficient to pay any Severance compensation required under this Agreement. To the extent additional amounts are required to fund any potential increase in such Severance compensation in any future year the failure to appropriate such additional reserve shall also be deemed a termination without Cause.

16. Professional Activities.

Employee shall not engage in any non-City employment activities for compensation without the express written consent of the Mayor and City Council. It is the intent of the parties that Employee's Employment Agreement is for full-time employment. Participation in professional organizations and voluntary programs is encouraged provided they are consistent with the responsibilities of the City Manager for the City.

17. Miscellaneous.

The City shall pay Employee's membership fees to the International City Managers Association (ICMA) and International Council of Shopping Centers (ICSC) and will consider other membership fees upon request from Employee. The City shall pay for Employee's airfare, lodging, food, registration and miscellaneous expenses in order to attend the International City/County Managers' Association (ICMA) and Colorado Municipal League (CNIL) annual conferences.

The participation, attendance and payment of expenses for Employee at future conventions, including but not limited to, the Colorado Municipal League, ICSC, the ICMA, and the National League of Cities Convention shall be mutually agreed upon between Employee and the Mayor.

The Employee may identify professional development and education. With prior approval of the Mayor, participation in these activities shall be paid for, and a part of regular duties and activities of the Employee, and related expenses shall be paid by the City.

18. Assignment.

The rights and obligations of the City under this Agreement shall inure to the benefit of and be binding upon the successors and assigns of the City. Employee shall not assign or otherwise convey any of the rights and obligations hereunder without the express written permission of the City.

19. Notices.

All notices provided for herein shall be in writing and shall be personally delivered or mailed by registered or certified United States mail, postage prepaid, return receipt requested, to the parties at the addresses

given below or at such other addresses that may be specified by written notice in accordance with this paragraph:

If to the City: City of Lakewood
480 S. Allison Parkway
Lakewood, Colorado 80226-3105

With copies to: City Attorney
City of Lakewood
480 S. Allison Parkway
Lakewood, Colorado 80226-3105

If to Employee: City Manager
City of Lakewood
480 S. Allison Parkway
Lakewood, Colorado 80226-3105

20. Entire Agreement.

This instrument contains the entire agreement of the parties and it may not be changed orally, but only by written agreement signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought.

21. Approval.

By execution of this Agreement, the City acknowledges that all required approvals have been obtained by the City Council so that this Agreement shall be fully effective and binding upon the parties hereto.

IN WITNESS WÆREOF, the City of Lakewood, Colorado, has caused this to be signed by its Mayor, attested by its City Clerk, and impressed with its corporate seal, all as duly authorized by its City Council, and Employee has signed her name to this Agreement.

MAYOR,

KATHLEEN E. HODGSON

Adam Paul, Mayor

Kathleen E. Hodgson, Employee

ATTEST:

Jay Robb, City Clerk

Approved as to form:

Alison McKenney Brown, City Attorney