

## AMENDMENT NO. 4

### EMPLOYMENT AGREEMENT NATIVIDAD MEDICAL CENTER CHIEF MEDICAL OFFICER

The parties to the **AGREEMENT OF EMPLOYMENT** (“Agreement”) which commenced on May 18, 2009 by and between the COUNTY OF MONTEREY (“EMPLOYER”), on behalf of Natividad Medical Center (“Hospital”) and Gary Gray, D.O. (“EMPLOYEE”) mutually agree that the Agreement shall be amended as set forth below, effective the first full County pay period after fully executed.

1. **“Annual Salary.”** Paragraph 3 “Letters,” (D) “Annual Salary” of the Agreement shall be amended as follows:

1. Annual Salary: \$369,095.22 per year, with periodic increases at the same rate and effective at the same time as other Unit Y (Executive Management – Non Safety) employees.

2. Notwithstanding any contractual language to the contrary, Employee shall have no entitlement to a contractual bonus in FY2015 or in any subsequent year, except that Employer shall issue Employee warrants in the gross amount of \$89,590.76, less applicable deductions and withholding, representing 14% of Employee’s annual salary of \$319,967 for both FY2013 and FY2014, or \$44,795.38 per annum. The Parties agree that payment of the bonus compensation set forth herein shall fully and completely satisfy any obligation by Employer with respect to said bonuses. Said bonus compensation shall be paid in full no later than the pay date for the pay period following the execution and ratification of this Amendment.

3. As a material term of this Amendment, as a result of the abolition of bonus/incentive compensation starting in FY2015 and the limitation of subsequent increases to those applicable to all Unit Y employees, any salary range set forth in Resolution No. 98-394, and as subsequently amended, shall no longer be applicable to the position of Hospital Chief Medical Officer of Natividad Medical Center.

2. **“Performance.”** Section I.C. (“Performance”), paragraph 2, of Exhibit A of the Agreement, shall be amended as follows:

The Board of Trustees and CEO may from time to time establish standards of performance for Employee for the purpose of: (i) providing a visible benchmark for evaluation of the professional services provided by Employee; *and* (ii) to create a feedback mechanism so that excellent performance can be encouraged and unsatisfactory performance can be identified and addressed, ~~and (iii) to develop a basis for recommended compensation adjustments.~~ These standards are set forth more fully in Exhibit B.

3. **“Compensation.”** Section IV.A. (“Compensation”), first sentence, of Exhibit A of the Agreement, shall be amended as follows:

The Employee shall be compensated during the term of this Agreement at a Salary Rate of Three Hundred Sixty Nine Thousand Ninety Five and 22/100 Dollars (\$369,095.22) per year, subject to periodic increases at the same rate and effective at the same time as other Unit Y (Executive Management – Non Safety) employees, which shall be paid in equal bi-weekly installments, in arrears, commencing with the Employer's first payroll after the beginning of the term hereof.

4. **“Performance Incentive Compensation Plan.”** Section IV.B. (“Performance Incentive Compensation Plan”) is stricken in its entirety.
5. **“Severance Package and Severance Agreement.”** Section IV.C. (“Severance Package and Severance Agreement”), subparagraph 2, shall be amended as follows:

2. If Employee has been employed as the Hospital's CMO for more than one (1) year, and if the triggering termination or separation occurs within the first three years after this Amendment is executed and ratified, Employer shall make payments to Employee at Employee's Salary rate, in accordance with Section IV(A) of this Agreement for a period of eight (8) months following the date of his termination of employment. For a period of eight (8) months following the date of his termination of employment, Employer shall reimburse Employee for Employee's share of continued healthcare insurance coverage under COBRA should Employee opt to continue healthcare insurance coverage for the health plan in effect at the time of separation pursuant to COBRA.

Employee shall not be entitled to a severance package if any of the following events occurs:

1. Employer terminates the employment of Employee for breach of the Agreement or for cause, pursuant to Sections X(B) or X(C) of this Agreement;
  2. The employment of Employee terminates because of death or illegality, pursuant to Section XI of this Agreement; ~~or~~
  3. Employee unilaterally terminates his employment without cause pursuant to Sections II(B) or X(A) of this Agreement; or
  4. The triggering termination or separation occurs more than three years after this Amendment is executed and ratified.
6. **“Exhibit C.”** “Exhibit C” (“NMC CMO FY10 Performance Incentive Compensation Plan Definition of Measures”) is stricken in its entirety.

7. **Approval and execution of this amendment 4 by the parties approves and ratifies amendments 1, 2, and 3 to this agreement and all compensation paid there under consistent with a resolution of the Monterey County Board of Supervisors adopted December 16, 2014.**

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement on the day and year executed by both parties.

**DATED:** \_\_\_\_\_

**EMPLOYER:**

By \_\_\_\_\_  
Dr. Kelly O'Keefe, Interim Chief Executive Officer  
NATIVIDAD MEDICAL CENTER

**DATED:** \_\_\_\_\_

**EMPLOYEE:**

By \_\_\_\_\_  
Gary Gray, D.O., Chief Medical Officer

**DATED:** \_\_\_\_\_

**APPROVED AS TO LEGAL FORM:**

\_\_\_\_\_  
CHARLES J. McKEE, County Counsel

**DATED:** \_\_\_\_\_

\_\_\_\_\_  
Benjamin Davidson, Attorney for CMO

**APPROVED AS TO FISCAL PROVISIONS:**

\_\_\_\_\_  
Gary Giboney, Chief Deputy  
Auditor/Controller

**DATED:** \_\_\_\_\_