

AMENDMENT NO. 3

EMPLOYMENT AGREEMENT
NATIVIDAD MEDICAL CENTER CHIEF FINANCIAL OFFICER

The parties to the **AGREEMENT OF EMPLOYMENT** (“Agreement”) which commenced on February 1, 2011 by and between the COUNTY OF MONTEREY (“EMPLOYER”), on behalf of Natividad Medical Center (“Hospital”) and Daniel Leon (“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: Employee will be placed at the 7th step of current Salary Schedule, \$11,924.72 Bi-Weekly or \$310,042.72.00 per year, with periodic increases at the same rate and effective at the same time as other Unit Y (Executive Management – Non Safety) employees, which increases will cause a corresponding amendment to the Salary Schedule.

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 \$73,905.44, less applicable deductions and withholding, representing 14% of Employee’s annual salary of \$263,948.00 for both FY2013 and FY2014, or \$36,952.72 per annum in bonus compensation. 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.

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 ~~Section IV(B) and~~ Exhibit C 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 Eleven Thousand, Nine Hundred Twenty Four Dollars and Seventy

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Two cents (\$11,924.72) Bi-Weekly, 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 CFO 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 CFO FY11 Performance Incentive Compensation Plan Definition of Measures”) is stricken in its entirety.

7. **Approval and execution of this amendment 3 by the parties approves and ratifies the original CFO Employment Agreement, amendments 1 and 2 thereto, and all compensation paid there under consistent with a resolution of the Monterey County Board of Supervisors adopted January 27, 2015.**

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

DATED: 1/23/15

EMPLOYER:

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

DATED: 1/22/15

EMPLOYEE:

By Daniel Leon
Daniel Leon, Chief Financial Officer

DATED: 2-13-15

APPROVED AS TO LEGAL FORM:

Charles J. McKee
CHARLES J. McKEE, County Counsel

DATED: 1/30/15

Benjamin Davidson
BENJAMIN DAVIDSON, Attorney for CFO

APPROVED AS TO FISCAL PROVISIONS:

Gary Giboney
Gary Giboney, Auditor/Controller

DATED: 2-2-15