

SECOND AMENDMENT TO THE CITY MANAGER EMPLOYMENT AGREEMENT

This Second Amendment (the "Second Amendment") is made and entered into by and between the between the CITY OF COMMERCE, a California municipal corporation (the "CITY") and Ernie Hernandez (the "EMPLOYEE") and is an amendment to the City Manager Employment Agreement between the CITY and the EMPLOYEE, dated April 9, 2024 ("Agreement"). CITY and EMPLOYEE are also referred to individually as "Party," and collectively as "Parties." In consideration of the following terms and conditions, the Parties agree as follows:

RECITALS

A. WHEREAS, on April 9, 2024, the City and Ernie Hernandez (Employee) entered into an Employment Agreement between the City of Commerce and the City Manager (Agreement); and

B. WHEREAS, on October 14, 2025, the City and Employee entered in a first amendment to the Agreement ("First Amendment"); and

C. WHEREAS, the Agreement outlines the terms and conditions of employment between the City and Mr. Hernandez as City Manager; and

D. WHEREAS, Section 2.3 of the Agreement provides for the conduct of a review of City Manager's performance; and

E. WHEREAS, the City Council conducted and completed such a review earlier this year; and

F. WHEREAS, the parties desire to further amend certain terms set forth in the Agreement and including compensation, effective date of revised compensation, termination provision, and annual performance incentive.

NOW, THEREFORE, the Parties hereby agree as follows:

1. Section 2.1 of the Agreement is hereby amended to include an additional section as follows:

2.1.A: Compensation In recognition of advancements in the development and long-term planning of long owned or controlled commercial, retail and housing properties throughout the City, and to safeguard for external compensation equity issues, the City Manager's base salary shall be placed five percent above the salary of other City Managers who are part of the four multi-jurisdictional collation of regional advocates for industrial, commercial and residential priorities; specifically, the cities of Industry, Vernon and Santa Fe Springs. Effective July 1, 2026, July 1 shall serve as the annual date for consideration for base salary adjustments for said jurisdictional collation City Manager agreements including any adjustments to the City of Commerce.

2. Section 3.1 of the Agreement is hereby amended:

3.1: Commencement & Effective Date. The Agreement term is extended an additional five (5) years and will terminate on May 4, 2031.

3. Section 4.1.B. of the Agreement is hereby amended to:

4.1.B.: In the event that City Manager is terminated by the City Council more than one-hundred-eighty (180) days after working for the City, for reasons other than physical or mental incapacity, or those reasons noted in subsection E, below, the City agrees to pay City Manager severance pay equal to eighteen (18) months salary (but not benefits) at the City Manager's salary at the date of termination.

4. Section 6.6 of the Agreement is hereby amended to:

6.6.B: Vacation, Personal and Sick Leave. Annually the City Manager shall have the discretion at the desired interval to convert unused leave accruals to deferred compensation, wages and/or tuition reimbursement.

5. Except as expressly modified or supplemented by this Second Amendment, all other provisions of the Agreement and First Amendment shall remain unaltered and in full force and effect. In the event of a conflict between the provisions of this Second Amendment and the provisions of the Agreement, and/or the First Amendment, the provisions of this Second Amendment shall control.

IN WITNESS WHEREOF, the City Council of the City of Commerce has authorized this Second Amendment to be executed by City-authorized signatures.

(“CITY”)
CITY OF COMMERCE

(“EMPLOYEE”)
ERNIE HERNANDEZ

Kevin Lainez, Mayor

Ernie Hernandez, City Manager

ATTEST:

Pat Jacquez-Nares, Interim City Clerk

APPROVED AS TO FORM:

Noel Tapia, City Attorney