

SEPARATION AGREEMENT AND GENERAL RELEASE

This Separation Agreement and General Release (hereinafter "Agreement") is made and entered into between the CITY OF NEWPORT BEACH, a California municipal corporation and Charter City (hereinafter "CITY"), and GRACE K. LEUNG (hereinafter "EMPLOYEE"), collectively referred to as "Parties," or individually as a "Party," and is made in light of the following:

RECITALS

WHEREAS, EMPLOYEE has been continuously employed by the CITY as City Manager since September 4, 2018, and is currently employed under a Third Amended and Restated Employment Agreement approved January 25, 2022 ("Employment Agreement");

WHEREAS, the Parties have agreed to execute a Fourth Amended and Restated Employment Agreement ("Amended Employment Agreement", attached as Attachment A), approved on July 8, 2025, and effective July 8, 2025, to amend the terms of EMPLOYEE's employment with the CITY;

WHEREAS, the Parties further agree that EMPLOYEE will separate from her employment with the CITY effective December 26, 2025, according to the terms as set forth in the Amended Employment Agreement and this Agreement; and

WHEREAS, the Parties now desire to enter into this Agreement to resolve all issues related to EMPLOYEE's employment with the CITY, and avoid incurring further cost, expense, and disruption incident to any further proceedings. The Parties further desire to achieve a full and complete settlement of all issues and claims with reference to each other.

NOW THEREFORE, in consideration of the mutual promises contained herein, the Parties hereby agree as follows:

TERMS OF AGREEMENT

1. Separation Date. The CITY and EMPLOYEE have executed the separate Amended Employment Agreement, effective July 8, 2025, which continues EMPLOYEE's employment through December 26, 2025, upon which date the Amended Employment Agreement shall expire. EMPLOYEE agrees that she will continue working for the CITY subject to the terms of the Amended Employment Agreement, from the date of execution of this Agreement through the expiration of the Amended Employment Agreement, or such earlier date as the Employment Agreement may be terminated, including by the City's termination of EMPLOYEE with or without cause, pursuant to the terms of the Amended Employment Agreement. The date upon which EMPLOYEE'S employment with the CITY ends, either by expiration or termination of the Amended Employment Agreement shall be referred to herein as the "Separation Date".

2. Expiration of Term. EMPLOYEE acknowledges that her employment with the CITY will end no later than the expiration of her term of employment as set forth in the Amended Employment Agreement and that she will not seek to challenge the conclusion of her employment for any reason in any court or administrative proceeding. EMPLOYEE further acknowledges that nothing in this Agreement shall

prevent the CITY from terminating her employment for cause pursuant to the terms of the Amended Employment Agreement sooner than December 26, 2025.

3. Reconfirmation of Separation Agreement and General Release. EMPLOYEE agrees that to receive the Separation Payment she will be required to reconfirm her assent to this Agreement (“Reconfirmation of Separation Agreement and General Release”) and all of its terms, including all releases and representations made herein, on her Separation Date by executing the Reconfirmation of Separation Agreement and General Release attached hereto as Exhibit B and incorporated herein by this reference. If EMPLOYEE does not execute the Reconfirmation of Separation Agreement and General Release, then she shall not be entitled to the Separation Payment.

4. Compensation and Benefits Under the Amended Employment Agreement. Except as specifically provided herein, the CITY will provide EMPLOYEE with the compensation and benefits described in the Amended Employment Agreement (Attachment A), which supersedes all prior employment agreements between the CITY and EMPLOYEE (including, and not limited to, the Employment Agreement approved January 25, 2022). On the first regularly scheduled pay date following the Separation Date, CITY will issue EMPLOYEE her final paycheck under the Amended Employment Agreement, to include payment for wages through the Separation Date.

5. Receipt of all Sums. EMPLOYEE acknowledges that, upon full performance by the CITY of the terms of this Agreement, including the Amended Employment Agreement, she has been paid in full all sums owed to her by the CITY of any nature whatsoever, and has received consideration for the releases contained in this Agreement.

6. Consideration. The CITY and EMPLOYEE further agree that provided (1) the CITY has not terminated the Amended Employment Agreement for Cause, as defined in the Amended Employment Agreement, (2) EMPLOYEE has not voluntarily resigned her employment under the Amended Employment Agreement sooner than December 26, 2025, (3) EMPLOYEE has returned CITY property as described in Paragraph 12 below, and (4) EMPLOYEE has executed the Reconfirmation of Separation Agreement and General Release, the CITY shall do the following:

On January 16, 2026, the CITY shall pay EMPLOYEE severance equal to her current annual base salary, auto allowance, phone allowance, and the applicable City’s annual flexible spending account cafeteria contribution (all of which are in effect as of December 26, 2025), as well as Twenty-Four Thousand Dollars (\$24,000.00). Recognizing that the amounts may change between the Effective Date and December 26, 2025, the amount as of the Effective Date is Three Hundred, Ninety-Nine Thousand, Three Hundred and Thirty-Eight Dollars (\$399,338) (the “Separation Payment”), which is equal to EMPLOYEE’S annual base salary of Three Hundred Forty-Five Thousand, Seven Hundred and Eighty-Two Dollars (\$345,782), annual phone allowance of Nine Hundred and Sixty Dollars (\$960), annual automobile allowance of Six Thousand Dollars (\$6,000), the City’s annual flexible spending account cafeteria allowance of Twenty-Two Thousand Five-Hundred Ninety-Six Dollars (\$22,596) and an additional Twenty-Four Thousand Dollars (\$24,000). The Separation Payment shall be subject to all applicable payroll taxes and withholdings.

7. Release of Claims. In consideration for the payments and agreements that make up this Agreement, EMPLOYEE, on behalf of herself, her agents, relatives, heirs, estate, executors,

administrators, successors, and assigns, fully releases, acquits and forever discharges the CITY, its past and present elected and appointed officials, officers, employees, agents, affiliates, and attorneys from all actions, causes of action, claims, judgment, obligations, damages, and liabilities of whatsoever kind and character, including, but not limited to, any actions, causes of action, claims, charges, judgments, obligations, damages, or liabilities relating to EMPLOYEE's employment with the CITY, as of the Effective Date, and the causes, procedures and circumstances surrounding her separation from employment with the CITY, including, but not limited to, those arising out of any claims for violation of any alleged contract, express or implied; any covenant of good faith and fair dealing, whether express or implied; any tort; any violation of local law, alleged wrongful termination, hostile work environment, any federal, state, or local statute or regulation, including any claims under the federal or state constitutions; any federal, state, or local statute or regulation based on or related to California Labor Code section 1194, California Industrial Welfare Commission Wage Orders, Americans with Disabilities Act (42 U.S.C. §§ 12101-12213), California Family Rights Act (Gov. Code §§ 12945.1-12945.2), Age Discrimination in Employment Act as amended by the Older Workers Benefit Protection Act (29 U.S.C. §§ 621-634), Family and Medical Leave Act of 1993, 29 U.S.C. § 2601 et seq., Equal Pay Act of 1963, Fair Labor Standards Act (29 U.S.C. § 201, et seq.), Employment Retirement Income Security Act of 1974 (29 U.S.C. § 1001, et seq.), Title VII (Civil Rights Act of 1964, 42 U.S.C. §§ 2000e-2000e-17), Sections 1981-88 of Title 42 of the United States Code (42 U.S.C. § 1981, et seq.), the California Fair Employment and Housing Act (Gov. Code §§ 12900-12996), the California Whistleblower Protection Law (Cal. Lab. Code § 1102.5); and Federal Transit Law (Released Claims 1). Further, EMPLOYEE agrees that under this Agreement, she waives any claim for damages incurred at any time after the Effective Date of this Agreement including, but not limited to, all claims defined as Released Claims 1, as well as alleged continuing effects of any alleged unlawful acts or omissions involving EMPLOYEE's employment with and separation from the CITY and any right to sue for injunctive relief against the alleged continuing effects of alleged acts or omissions (hereafter "Released Claims 2"). EMPLOYEE further agrees that upon execution of the Reconfirmation of Separation Agreement and General Release for Post-Effective Date Claims, she fully releases all claims defined as Released Claims 1 and Released Claims 2, which release shall be deemed binding and enforceable for any and all claims arising from or relating to EMPLOYEE's employment after the Effective Date.

This Agreement does not limit EMPLOYEE's ability to bring an administrative charge with an administrative agency, but EMPLOYEE expressly waives and releases any right to recover any type of personal relief from the CITY, including monetary damages or reinstatement, in any administrative action or proceeding, whether state or federal, and whether brought by EMPLOYEE or on EMPLOYEE's behalf by an administrative agency, related in any way to the matters released herein. Furthermore, nothing in this Agreement prohibits EMPLOYEE from reporting possible violations of law or regulation to any government agency or entity, including but not limited to the Equal Employment Opportunity Commission, the California Civil Rights Department, the Department of Labor and/or the Department of Justice, or making other disclosures that are protected under the whistleblower provisions of law. EMPLOYEE does not need prior authorization of the CITY to make any such reports or disclosures and is not required to notify the CITY that she has made such reports or disclosures.

Also, Released Claims 1 and Released Claims 2, as set forth herein, shall not include claims arising from or related to the enforcement or performance of this Agreement. Further, Released Claims 1 and Released Claims 2 shall not include, nor be construed as, a waiver of EMPLOYEE's rights under

Government Code sections 825 and 995, including any pending litigation against the City in which EMPLOYEE is currently or may become a named defendant.

8. Civil Code Section 1542 Waiver. EMPLOYEE understands and expressly agrees that this Agreement extends to all claims of every nature and kind whatsoever, known or unknown, suspected or unsuspected, past or present, and all rights under Section 1542 of the California Civil Code are hereby expressly waived. Section 1542 reads as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

- a. EMPLOYEE hereby expressly waives the provisions of California Civil Code section 1542 and further expressly waives any right to invoke said provisions now or at any time in the future.
- b. EMPLOYEE recognizes and acknowledges that factors which have induced her to enter into this Agreement may turn out to be incorrect or to be different from what she had previously anticipated, and she hereby expressly assumes any and all of the risks thereof and further expressly assumes the risks of waiving the rights provided by California Civil Code section 1542.

9. Age Discrimination in Employment Act Waiver and Release. The Age Discrimination in Employment Act of 1967 ("ADEA") makes it illegal for an employer to discharge any individual or otherwise discriminate with respect to the nature and privileges of an individual's employment on the basis that the individual is age forty or older. The Older Workers Benefit Protection Act ("OWBPA"), 29 USC. §§ 626, et. seq. further augments the ADEA and prohibits the waiver of any right or claim under the ADEA unless the waiver is knowing and voluntary. By entering into this Agreement, EMPLOYEE acknowledges that she is knowingly and voluntarily, for just compensation in addition to anything of value to which EMPLOYEE is already entitled, waiving and releasing any rights she may have under the ADEA and/or OWBPA. EMPLOYEE further acknowledges that she has been advised and understands, pursuant to the provisions of the ADEA and OWBPA, that:

- a. This waiver/release is written in a manner understood by EMPLOYEE.
- b. EMPLOYEE is aware of and has been advised of her rights under the ADEA and OWBPA, and of the legal significance of her waiver of any possible claims she currently may have under the ADEA, OWBPA, or similar age discrimination laws.
- c. EMPLOYEE is entitled to a reasonable time of at least twenty-one (21) days within which to review and consider this Agreement, and the waiver and release of any rights she may have under the ADEA, the OWBPA, or similar age discrimination laws, but she may, in the exercise of her own discretion, sign or reject this Agreement at any time before the expiration

of the twenty-one days. If EMPLOYEE elects to sign this Agreement before the expiration of the twenty-one day period, she waives the balance of the twenty-one day period.

- d. The waivers and releases set forth in this Agreement shall not apply to any rights or claims that may arise under the ADEA and/or OWBPA after the date this Agreement takes effect.
- e. EMPLOYEE was advised and by this Agreement is advised in writing that she should consult with an attorney prior to executing this Agreement. EMPLOYEE has had an opportunity to discuss this waiver and release with, and to be advised regarding this Agreement, by an attorney of her choice, and does not need any additional time within which to review and consider this Agreement.
- f. EMPLOYEE has seven (7) calendar days following her execution of this Agreement to revoke the Agreement by submitting a written revocation addressed to and received by the City Attorney of City of Newport Beach, 100 Civic Center Drive, Newport Beach, CA, 92660, attention Aaron Harp and emailed to aharp@newportbeachca.gov.
- g. EMPLOYEE knowingly and voluntarily agrees to all of the terms set forth in this Agreement and knowingly and voluntarily intends to be bound by those terms.

EMPLOYEE ACKNOWLEDGES BY HER SIGNATURE TO THIS AGREEMENT THAT SHE FULLY UNDERSTANDS HER RIGHT TO DISCUSS THIS WAIVER WITH LEGAL COUNSEL, AND HAS CAREFULLY READ AND FULLY UNDERSTANDS THE WAIVER, AND THAT SHE IS VOLUNTARILY AGREEING TO WAIVE ANY CLAIMS THAT SHE HAS OR MAY HAVE UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT, THE OLDER WORKERS BENEFIT PROTECTION ACT, AND ANY OTHER LAWS PROHIBITING AGE DISCRIMINATION IN EMPLOYMENT ARISING FROM OR RELATED OR ATTRIBUTABLE TO THE PARTIES' ALLEGATIONS OR CLAIMS.

10. Effective Date. The Effective Date of this Agreement shall be the last date on which all of the following occurs: all Parties have signed the Agreement and the seven-day revocation period has expired without receipt of any revocation as set forth in Section 9.f., above.

11. No Pending Claims and/or Actions. EMPLOYEE represents and warrants that she has not filed any lawsuits, complaints, appeals, claims, applications or charges against the CITY or any related persons or against any of its or their past or present elected or appointed officials, officers, directors, governing bodies, employees, agents, predecessors, attorneys, divisions, affiliates, representatives, successors in interest and assigns and/or all persons acting by, through, under, or in concert with any of them, with any state or federal court, or local, state or federal agency, or administrative or quasi-administrative tribunal or person, arising out of her employment with and separation from employment with the CITY and that she will not do so at any time hereinafter; provided, however that she shall not be limited from pursuing claims for the sole purpose of enforcing her rights under this Agreement and is not precluded from filing a claim for unemployment benefits or workers' compensation benefits (except as to claims under Labor Code sections 132a and 4553), as well as any other claims that cannot lawfully be released.

12. Return of City Property. EMPLOYEE represents that prior to her Separation Date, or upon request of the CITY, she will return any and all property of the CITY, including but not limited to, cell phones, access badges, files and copies of files, including any in electronic form, in her possession, or to which she otherwise has access, keys, or any other items provided to her by the CITY related to her employment with the CITY. EMPLOYEE agrees that if she identifies any CITY property in her possession that she has not returned by the Separation Date, EMPLOYEE will notify the CITY and return the property immediately. In such case, EMPLOYEE will notify Aaron Harp by email at aharp@newportbeachca.gov.

13. References. EMPLOYEE agrees that after the Effective Date, unless EMPLOYEE presents CITY with a signed authorization, or as otherwise may be required by law, any request for information from any prospective employer concerning EMPLOYEE shall be routed to the CITY's Human Resources Department, who will state only the dates of her employment, the position(s) held, and EMPLOYEE's final salary.

14. Voluntary Execution. EMPLOYEE represents and agrees that she has been advised to discuss this Agreement with an attorney, and that she has carefully read and fully understands all of the provisions of the Agreement, that she is voluntarily entering into this Agreement, and that she has the capacity to enter into this Agreement. EMPLOYEE further acknowledges that she has had ample time to consider the terms of her separation, that she enters into this Agreement freely and voluntarily without duress or coercion, and that she waives any claim that her separation from employment is involuntary or otherwise actionable.

15. No Reliance. EMPLOYEE represents and acknowledges that in executing this Agreement she does not rely and has not relied upon any representation or statement not set forth herein made by any of the Parties or any of the Parties' agents, representatives, or attorneys with regard to the subject matter, basis or effect of this Agreement or otherwise.

16. Entire Agreement. This Agreement sets forth the entire agreement between the Parties hereto and fully supersedes any and all prior agreements or understandings between the Parties pertaining to the subject matter of this Agreement.

17. Partial Invalidity. If any court of competent jurisdiction declares or determines that any provision in this Agreement is illegal, invalid or unenforceable, the legality, validity, and enforceability of the remaining parts, terms and provisions, will not be affected. The provision found illegal, unenforceable or invalid shall be deemed not a part of this Agreement.

18. Applicable Law. This Agreement is made and entered into in the State of California and shall in all respects be interpreted and enforced and governed by and under the laws of the State of California. Venue for any action to interpret or enforce any provision of this Agreement shall be in the Superior Court of California, County of Orange.

19. Enforcement of Agreement. EMPLOYEE understands and agrees that the obligations of the CITY under this Agreement and its terms are conditioned upon her compliance with the promises made by her under this Agreement, and that failure by EMPLOYEE to comply with her promises

herein shall entitle the CITY to seek specific performance of the Agreement and its terms and/or any other necessary and proper relief, including but not limited to damages, from any court of competent jurisdiction in the County of Orange, California.

20. Attorneys' Fees. Should it be necessary for either party to commence litigation to enforce any provisions of this Agreement, the prevailing party therein shall not be entitled attorneys' fees incurred in the enforcement of any provision herein.

21. Original. This Agreement may be executed in any number of counterparts. Any such counterpart when executed shall constitute an original of the Agreement and all such counterparts together shall constitute one and the same agreement.

22. Section Headings. The section and paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Parties hereto have executed the SEPARATION AGREEMENT AND GENERAL RELEASE OF ALL CLAIMS.

CITY OF NEWPORT BEACH,
a California municipal corporation

EMPLOYEE,
An Individual,

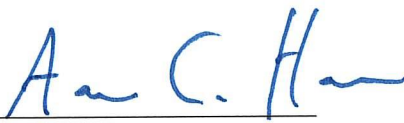
By: 
Joe Stapleton, Mayor

By: 
Grace K. Leung

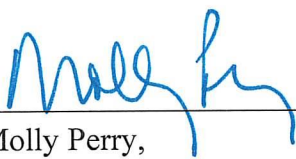
Date: July 8, 2025

Date: July 8, 2025

APPROVED AS TO FORM:
CITY ATTORNEY'S OFFICE

By: 
Aaron C. Harp,
City Attorney

ATTEST:

By: 
Molly Perry,
Interim City Clerk



[END SIGNATURES]

ATTACHMENT B

RECONFIRMATION OF SEPARATION AGREEMENT AND GENERAL RELEASE

EMPLOYEE having executed the Separation Agreement and General Release on July 8, 2025, in advance of EMPLOYEE's Separation Date, as set forth in the Separation Agreement and General Release, incorporated herein by reference, EMPLOYEE acknowledges and reconfirms all promises, covenants, releases of all claims, including those defined in the Agreement as Released Claims 1 and Released Claims 2, as well as those that are known or unknown, suspected or unsuspected, asserted or unasserted, waivers, and all other provisions of the Separation Agreement and General Release without reservation or revision, including any and all claims which may have arisen between the date of execution of the Separation Agreement and General Release and her execution of this Reconfirmation of Separation Agreement and General Release.

Date: December 27, 2025

GRACE K. LEUNG