

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement"), is made and entered into this 29 day of October, 2003, by and between the City of Peoria, Illinois an Illinois municipal corporation, hereinafter called "Employer or City," and Charles R. Oliver, hereinafter called "Employee or City Manager."

WITNESSETH

WHEREAS, Employer desires to employ the services of Charles R. Oliver as City Manager of the City of Peoria, as provided for in Illinois Statutes and Ordinance of the City of Peoria; and

WHEREAS, the parties acknowledge that Employee is or will become a member of the International City/County Management Association (ICMA) and that Employee is subject to the ICMA Code of Ethics.

WHEREAS, it is the desire of the City Council of the City of Peoria to provide certain benefits and to establish certain conditions of employment of said Employee as set forth in this Employment Agreement; and

WHEREAS, Employee desires to accept employment as City Manager of Peoria, Illinois pursuant to the terms and conditions set forth in this Employment Agreement,

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties agree as follows:

Section 1. Powers and Duties of the City Manager

A. Employer hereby agrees to employ Charles R. Oliver as City Manager of the City of Peoria to perform the functions and duties specified in the 65 ILCS 5/5-3-7 and Ordinance 2-281 through 2-285, and to perform such other legally permissible and proper duties and functions as the City Council shall from time to time assign, subject to this Agreement. Employment shall commence on the 8th day of December, 2003.

Section 2. Term of Agreement

A. The City Manager shall serve at the pleasure of the City Council.

B. Nothing in this Agreement shall prevent, limit or otherwise interfere with the right of the City Manager to resign at any time from his position with Employer.

C. The City Manager agrees to remain in the exclusive employ of the City of Peoria, Illinois while employed by the City of Peoria. The City Manager must request the approval of the City Council from time to time to perform consulting activities; he shall not perform such consulting activities unless he has received prior approval from the City Council. Nothing in this section however, shall prohibit Employee from providing

technical assistance to immediate family members and lending his name to said endeavor.

Section 3. Termination and Severance Pay

A. In the event the City Manager is terminated by the City Council within the first three years of employment, then the City shall pay Employee a lump sum cash payment equal to twelve (12) months' base salary. Employee shall also be compensated for all earned sick leave, vacation, holidays, personal leave and other accrued benefits to date, calculated at the rate of pay in accordance with the personnel rules for management employees. At the beginning of the fourth year of employment, the cash payment for termination and severance will be reduced by one (1) month for each additional year of employment until the minimum of six (6) months is reached after nine (9) years. All other provisions will remain the same. If the City Manager is terminated after the first three (3) years of employment, and if the City Manager is unable to find comparable employment within the period of time covered by the termination and severance pay, the City agrees to provide additional termination and severance pay to the City Manager until other employment is attained. This additional termination and severance pay, when combined with the termination and severance period calculated above, shall not exceed twelve (12) months in any case. The accrual of other benefits, including but not limited to, vacation, sick leave, and personal leave, will be discontinued at the time of termination.

B. In the event the City Manager is terminated by the City Council, all life, health, dental, and disability insurance shall continue in full force and effect, at the same proportional amounts as paid for him by the City when he was employed as an active employee, for a period of twelve (12) months if termination occurs within the first three years of employment or the severance period as outlined in section A thereafter or until similar coverage is provided to Employee by a subsequent employer (and is in full force and effect) whichever comes first. Said continuation of group health insurance coverage shall be in addition to any protection afforded Employee by the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). Coverage under COBRA shall begin on the date all coverage extended under the severance provisions herein expires.

C. In the event the City Council at any time reduces the salary, compensation or other benefits of the City Manager in a greater amount than an applicable across-the-board reduction for all employees of the City, or in the event the City Council fails to comply with any other provision of this Employment Agreement, or if the Employee resigns following a suggestion by a majority of the Council, then, in that event, Employee may, at his/her option, be deemed to be "terminated" at the date of such reduction, such refusal to comply, or such resignation within the meaning and context of the herein severance pay provision then in that event Employee may at his/her option, be deemed to be terminated, as provided herein.

D. In the event the City Manager is terminated because of his conviction of any illegal act involving personal gain to himself or felony, then in that event Employer shall have no obligation to pay the termination and severance payment designated herein; if the City Manager is awaiting trial on a charge of committing an illegal act involving personal gain to himself, or the commission of a felony, at the time he is terminated, then the City shall have no obligation to pay the termination and severance pay unless the

charges are dismissed or the City Manager is acquitted, in which case the City shall make the severance and termination set forth herein.

E. Contemporaneously with the delivery of the severance pay set forth in this Agreement, Employee shall execute and deliver to Employer a release, releasing Employer of all claims that Employee may have against Employer.

F. If the City Manager resigns voluntarily, he will provide a sixty (60) days' notice to the City Council.

Section 4. Salary

Employer agrees to pay Employee for his services rendered pursuant hereto as City Manager an annual base salary of \$149,500.00 payable in installments at the same time as other management employees of the City are paid. The Employee shall not be eligible for longevity pay during the entirety of his employment as City Manager.

Section 5. Deferred Compensation

Employer agrees to execute all necessary agreements provided by ICMA Retirement Corporation (ICMA-RC) for Employer's participation in paid ICMA-RC retirement plan and, in addition to the base salary paid by Employer to Employee. Employer agrees to pay into the ICMA-RC on Employee's behalf the maximum nontaxable amount requested by Employee and allowed by the ICMA-RC, up to seven percent (7%) of Employee's base salary, in equal proportionate amounts each pay period, and to transfer ownership to succeeding employers upon Employee's resignation or termination. Nothing herein shall be construed to limit the Employee's ability to participate in any other deferred compensation program offered by the City. At the option of the Employee, the Employee may direct the City to make the payment called for under this Section 5 to purchase out of state retirement credit instead of contributing to the ICMA-RC.

Section 6. Retirement Benefits

The City Manager shall be covered and governed by the same retirement system (Illinois Municipal Retirement Fund - IMRF) as all other non-public safety employees. The parties agree that they desire to develop a long-term relationship. As an incentive to do so, the City agrees to allow the Employee to purchase one (1) year out-of-state service credit from the IMRF at the beginning of each year of service as City Manager, starting with the commencement date of this contract up to a maximum of five (5) years. The parties recognize that the City Manager will not be eligible under IMRF rules to buy such service until after two (2) years of employment with the City. At that time, Employee will be eligible to purchase two (2) years of service by paying the employee's share under the rules of the program.

Section 7. Insurance Coverages

The City Manager shall be covered by the same health, dental, life and disability plans as all other employees and shall be subject to the same terms and conditions thereof, including but not limited to, becoming eligible for the City insurance program on February

1, 2004. The City agrees to make the COBRA payment for health coverage for Employee for the month of January, 2004 and annually fund a medical reimbursement account (Section 125) for Employee to the maximum amount allowed by the City of Peoria Plan as of the date of this Agreement. The Employer agrees to pay fifty percent (50%) of the premium for a term life insurance policy currently held by Employee and issued by United States Life Insurance Co., with the Employer's share not to exceed Six Hundred Dollars (\$600.00) per year.

Section 8. Automobile

Employer shall provide a car allowance of Five Hundred Dollars (\$500.00) per month to the City Manager. Said car allowance shall be intended to reimburse him for local travel only, defined as travel within the Peoria Metropolitan Area. All travel outside of the Peoria Metropolitan Area shall be reimbursed at a per mile rate equal to the IRS allowable rate then in effect. The City shall also provide a cell phone for the business use of Employee.

Section 9. Other Benefits

A. The Personnel Rules Manual for Management, Confidential and Non-Represented Employees, as they now exist or hereafter may be amended, shall govern the Employee's benefits, except as specifically set forth herein. These benefits include, but are not limited to, the accrual of four (4) personal days per year in the first year of employment and five (5) personal days per year thereafter. As stated in Section 4 above, the City Manager shall not be eligible for longevity pay.

B. As an inducement to Employee to become City Manager, upon the signing of this Agreement, Employee shall be credited with ten (10) days of vacation leave. During the first six (6) months of employment, Employee shall not accrue additional vacation days. Upon the seventh (7th) month of employment, Employee shall accrue vacation days at the same rate as employees of the City who have been employed by the City for eleven (11) years.

C. During the first year of Employee's employment, Employer agrees to reimburse Employee in an amount up to Fifteen Hundred (\$1,500.00) for disability insurance. Employee shall be responsible for obtaining the policy and the policy shall be at his choice.

D. As an inducement to Employee to become City Manager, Employee shall be credited with twenty (20) days of sick leave. Employee shall not accrue sick leave during the first two (2) years of his employment. After two (2) years of employment, Employee shall accrue sick leave the same as other management employees of the City.

Section 10. Professional Development

Employer agrees to budget for and to pay the professional dues for the City Manager to belong to two (2) National, one (1) Regional and one (1) State professional associations. Employer agrees to budget and pay the reasonable expenses incurred in the City Manager's attendance at one (1) annual State conference and one (1) national

conference, to include reasonable costs for travel, lodging and meals as per City policy for reimbursement of travel expenses. The aforesaid attendance at conferences shall be considered part of the City Manager's employment, and days spent at said conferences shall not constitute vacation or personal days.

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Section 11. Relocation Expenses

A. Employee agrees to establish residence within the corporate boundaries of the City within one year of employment, and thereafter to maintain residence within the corporate boundaries of the City.

B. Employer shall pay directly for the expenses of moving Employee from Greenville, South Carolina to Peoria, Illinois within twelve (12) months of employment. Said moving expenses shall include packing, moving, storage costs, unpacking, and insurance charges for normal household furnishing and belongings and be subject to a maximum reimbursement that shall not exceed Nine Thousand Dollars (\$9,000.00). Employee shall secure at least three (3) bids from reputable moving companies for such services, and shall use the lowest responsible bidder.

C. Employer shall reimburse Employee the lump sum of Nine Thousand Five Hundred Dollars (\$9,500.00) net of income taxes (calculated based on the sum being 100% taxable) for temporary lodging, house hunting, discount points on a home purchased within the corporate limits of the City of Peoria, Illinois and other miscellaneous expenses related to relocation.

D. Employee shall be reimbursed for expenses related to negotiation of this contract (e.g. travel, lodging and meals) in accordance with City policy.

Section 12. General Expenses

A. Employer recognizes that certain expenses of a non-personal and generally job-affiliated nature are incurred by the City Manager, including but not limited to professional (engineering, accounting and ICMA) memberships and participation in civic and other local organizations, and hereby agrees to reimburse or pay said general expenses or dues upon presentation of proper invoice or receipts.

B. Employer shall bear the full cost of any fidelity or other bonds required of the City Manager under any law or ordinance.

C. The Finance Director (or other designated employee) is hereby authorized to disburse funds as needed to fulfill all provisions of this Agreement upon receipt of duly executed expense or petty cash vouchers, receipts, statements, or personal affidavits.

Section 13. Establishment of Mayor and Council Goals and Objectives for the City of Peoria

Annually, Council and City Manager shall define such goals and performance objectives that they determine necessary for the proper operation of the City and in the attainment of Council's policy objectives and shall further establish a relative priority among those various goals and objectives, said goals and objectives to be reduced to writing. They shall generally be attainable within the time limitations as specified and the annual operating and capital budgets and appropriations provided. The first goals and objectives shall be established within six (6) months of the date of hire and annually thereafter as part of the budget process.

Section 14. Performance Evaluation

A. The City Council and the City Manager shall develop a Performance Evaluation Process, which shall include goals and objectives for the City Manager within six (6) months of date of hire.

B. Beginning with the first quarter of 2005, the City Council shall review and evaluate the performance of the City Manager in the first quarter of each year. The Evaluation Process shall include a meeting of the City Council with the City Manager to communicate the results of the performance review. The City Council shall consider increasing base salary and/or other benefits of the City Manager based upon said evaluation and review, and may make any such increases retroactive to January 1st of that calendar year.

Section 15. Indemnification

Employer shall defend, indemnify and hold Employee harmless from and against any and all torts, claims, causes of action, demands, costs, expenses or other legal action, including all attorneys fees, whether groundless or otherwise, arising out of any alleged act or omission occurring during or arising out of Employee's performance of duties as City Manager. Employer shall have the right to compromise and settle any such claim or suit and shall pay the amount of any settlement or judgment rendered thereon. Said indemnification shall extend beyond Employee's termination of employment, and the otherwise expiration of this Agreement, to provide full and complete protection to Employee by the City of Peoria, as described herein, for any acts undertaken or committed in his/her capacity as City Manager, regardless of whether the filing of a lawsuit for such tort, claim, cause of action, demand, or other legal action occurs during or following Employee's employment with Employer. The parties recognize that Illinois does not presently permit indemnification for punitive damages; it is the intent of this indemnification clause to indemnify the Employee to the extent permissible under the law of the State of Illinois. The indemnification shall be subject to and contingent upon the terms and conditions currently set forth in Section 2 of the City of Peoria Resolution No. 88-240, the same as if those conditions were set forth in full in this paragraph.

Section 16. Notices.

Notices pursuant to this Agreement shall be given by deposit in the custody of the United States Postal Service, postage prepaid, addressed as follows:

EMPLOYER: David P. Ransburg
Mayor
City of Peoria
419 Fulton Street, Ste. 207
Peoria, IL 61602

With copy to: Corporation Counsel
City of Peoria
419 Fulton Street, Ste. 207
Peoria, IL 61602

EMPLOYEE: Charles R. Oliver

Alternatively, notices required pursuant to this Agreement may be personally served in the same manner as is applicable to civic judicial practice. Notice shall be deemed given as of the date of personal service or as of the date of deposit of such written notice in the course of transmission in the United States Postal Service.

Section 17. General Provisions

- A. The text herein shall constitute the entire Agreement between the parties.
- B. This Agreement shall be binding upon and inure to the benefit of the heirs at law and executors of the Employee.
- C. This Agreement shall become effective upon adoption and approval by the City Council of the City of Peoria.
- D. If any provision, or any portion thereof, contained in this Agreement is held unconstitutional, invalid or unenforceable, the remainder of this Agreement, or portion thereof, shall not be affected and shall remain in full force and effect.

IN WITNESS WHEREOF, the City of Peoria has caused this Agreement to be signed and executed in its behalf by its Mayor and duly attested by its Council Clerk, and the City Manager has signed and executed this Agreement, the day and year first written above.

CITY OF PEORIA, ILLINOIS

CITY MANAGER

By:

David P. Roney
Mayor

Charles R. Oliver

ATTEST:

Mary L. Haynes
City Clerk

APPROVED AS TO FORM:

Randall R. [Signature]
Corporation Counsel