

**EMPLOYMENT AGREEMENT**

**THIS AGREEMENT**, made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2010, by and between the City of Park Ridge, an Illinois municipal corporation ("EMPLOYER" or "City Council"), and James Hock ("EMPLOYEE"), both parties agreeing, as follows:

**WHEREAS**, the EMPLOYER desires to employ the services of the EMPLOYEE as City Manager of the City of Park Ridge in accordance with the provisions of Sections 3-6-1 through 3-6-7, inclusive, of Chapter 6 of Article 3 of the Park Ridge City Code ("CITY MANAGER") and this Employment Agreement; and

**WHEREAS** the EMPLOYER agrees to enter into this Agreement with EMPLOYEE to establish the terms of the employment relationship; and

**WHEREAS**, the EMPLOYER, is an Illinois home rule municipal corporation which has the authority to enter into this Employment Agreement;

**NOW, THEREFORE, IN CONSIDERATION OF** the payment of money, and the making of the mutual covenants and promises set forth below, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

**I. Employment**

The EMPLOYER and EMPLOYEE agree to the employment of the EMPLOYEE in the position of CITY MANAGER of the City of Park Ridge under the terms, conditions and provisions set forth in Sections 3-6-1 through 3-6-7, inclusive, of Chapter 6 of Article 3 of the Park Ridge City Code ("CITY MANAGER"). The EMPLOYEE is an "at will" employee of the CITY. The position of CITY MANAGER is an exempt position under the federal Fair Labor Standards Act. EMPLOYEE shall perform all duties of the City Manager as set forth in the Municipal Code of Park Ridge and perform such additional duties as are assigned to him from time to time by the City Council of the City.

**II. Term**

This Agreement is to commence on January 1, 2011, and will expire on April 30, 2013.

**III. Compensation**

The EMPLOYEE'S total annual compensation package will be determined based on the three categories set forth below:

Category 1. Baseline Salary

This amount will be the baseline for the EMPLOYEE'S total compensation package. This figure may be increased annually, but only as a result of the percentage increases from Category 3, Annual Performance Increase, below. This amount may not be increased by any of the other compensation categories. The EMPLOYEE'S starting salary effective August 16, 2010 will be One Hundred Sixty Five Thousand Dollars (\$165,000) ("Baseline Salary").

Category 2. Deferred Compensation

The EMPLOYER will pay Eight Hundred Thirty-three Dollars and Thirty-four Cents (\$833.34) monthly for deferred compensation to ICMA-RC on the EMPLOYEE'S behalf ("Deferred Compensation"). Additionally, since a definite deferred compensation amount was part of the original Employment Agreement and since that Deferred Compensation has not been paid since July 14, 2009, a lump sum will be paid into ICMA-RC that is equal to the number of months that have elapsed between July 14, 2009 and the date of execution of this Agreement times Seven Hundred and Eight Dollars and no Cents (\$708.00).

Category 3. Annual Performance Increase

The EMPLOYER shall conduct an annual written review of the EMPLOYEE'S performance as the City Manager. The EMPLOYEE shall submit an evaluation report to the City Council no later than the 31st day of March of each year. This report shall contain a self-evaluation form and set forth highlights of the EMPLOYEE'S previous year's performance. Any Annual Performance Increase granted in any year shall become a part of the EMPLOYEE'S Baseline Salary for purposes of the following year's Performance Review Program.

**IV. Benefits.**

A. Loan for Residence. In addition to the above, the EMPLOYER has made an interest free loan to the EMPLOYEE of Three Hundred and Fifty Thousand Dollars (\$350,000.00) for the sole purpose of buying a home in the City. The EMPLOYER has agreed to forgive up to Five Thousand Dollars (\$5,000.00) per year of this loan up to a maximum of ten full years of employment (a maximum forgiveness of Fifty Thousand Dollars (\$50,000.00)). This loan is secured by the home and the EMPLOYEE has executed such documents and consented to such recording as the City Attorney has deemed advisable. This loan is amortized over thirty (30) years with installment payments made on the last day of each month that the loan is outstanding. The full balance on the loan shall be repaid upon the earlier to occur of the following: (1) within six (6) months of the date that the EMPLOYEE is no longer employed by the EMPLOYER; or (2) immediately upon the closing of the sale of the EMPLOYEE'S Park Ridge home after EMPLOYEE is no longer employed by the EMPLOYER.

B. Automobile and Miscellaneous Equipment. EMPLOYEE will have use of an unmarked City vehicle for which the EMPLOYER will supply insurance, gasoline and necessary maintenance. With respect to personal use, only the EMPLOYEE and the EMPLOYEE'S spouse shall be permitted to use this vehicle. If the EMPLOYEE'S City automobile is driven beyond a 100 mile radius of the City for non-City business, the EMPLOYEE shall supply the gasoline for such trips.

The EMPLOYER may also supply EMPLOYEE with such other equipment for City business as it deems necessary. Any such equipment, including but not limited to the automobile shall remain City property to be returned when EMPLOYEE leaves the City's employ.

C. Other Benefits. EMPLOYEE will be entitled to such benefits as are extended to all full time employees with the following enhancements:

1. EMPLOYEE shall be entitled to twenty-two (22) business days of vacation per year, plus one (1) additional day for each twelve (12) months of employment by the Employer, up to a maximum of twenty-five (25) days.
2. EMPLOYEE will use reasonable discretion and EMPLOYER will pay for dues and expenses for participation in and attendance at professional activities and organizations including, but not necessarily limited to, the International City/County Manager's Association and the Illinois City Management Association, as well as Park Ridge civic events during which EMPLOYEE represents Park Ridge as its City Manager.
3. It is expected that EMPLOYEE will attend the annual ICMA Conference and the ILCMA Conference or other similar professional conferences. Attendance is subject to the Mayor's reasonable discretion and prior notification to the Mayor. EMPLOYEE may not use more than six (6) business days per year for such conferences. The Mayor may approve more than six (6) days annually upon written notice given three (3) months before the date upon which the six (6) day per year limit is to be exceeded.

## **V. Outside Activities**

EMPLOYEE shall devote full time attention to his duties as City Manager. However, EMPLOYEE may, in the sole discretion of the City Council, be permitted to engage in teaching and/or pro bono work. This is subject to full compliance with the established City procedures for secondary employment and prior written approval of the City Council.

## **VI. Voluntary Termination**

In the event that the EMPLOYEE desires to terminate this Agreement, he shall deliver a written notice of termination to the EMPLOYER not less than thirty (30)

days prior to the effective date of the termination. In the event of voluntary termination, EMPLOYEE shall not be entitled to any of the severance provisions set forth in Section VII below. Upon receipt by the EMPLOYER of the notice of termination, the EMPLOYER may, in its discretion, at any time thereafter, terminate EMPLOYEE'S employment without any liability except to continue to pay the EMPLOYEE'S salary for the lesser of thirty days or the number of days prior to the EMPLOYEE'S stated termination date.

## **VII. Involuntary Termination and Severance**

For purposes of this Section, "Involuntary Termination" shall mean any termination for any reason other than voluntary termination under Section VI, retirement, medical disability or termination for cause. For purposes of the Agreement, "termination for cause" may occur only upon a super majority vote of the Mayor and City Council that at least one of the following has occurred: (1) EMPLOYEE has breached this Agreement; (2) EMPLOYEE has materially failed to perform the duties as set forth in the City Code unless such nonperformance was approved in advance by a formal City Council vote; (3) EMPLOYEE has willfully engaged in conduct exceeding his authority as set forth in the City Code, the City Practices, Procedures and Policies Manual and Employee Manual resulting in a material detriment to the City; (4) EMPLOYEE has pled or been adjudged guilty of a felony or a misdemeanor involving dishonesty or moral turpitude; or (5) EMPLOYEE has engaged in acts of dishonesty or moral turpitude in the course of his employment; (6) Beginning with annual goals established on May 1, 2012, EMPLOYEE has failed to achieve a satisfactory performance rating at the end of a budget year. Performance will be measured against annual goals mutually agreed to by the City Manager and a majority of the City Council. Should the City Council and City Manager be unable to agree on such goals by May 1 of any given year this item (#6) alone will be null and void for that subsequent budget year.

If EMPLOYEE is involuntarily terminated, EMPLOYEE shall receive the applicable Severance Payment as regular monthly payroll checks for six (6) months following his termination plus one additional month for each year of service up to a maximum payout of twelve months severance, beginning with the first day of the next full month.

## **VIII. Termination Conduct**

Should EMPLOYEE'S employment be terminated prior to the expiration of this Agreement, neither party shall make any public statement, issue any press release or make any other communication intended to reach the general public which disparages, assigns fault to, or calls into question the good faith or good will of the other party. EMPLOYER agrees that should EMPLOYEE'S employment be terminated prior to the expiration of this Agreement, EMPLOYER shall respond to inquiries of prospective employers with a reference that confirms the term of EMPLOYEE'S employment with EMPLOYER. This paragraph VIII notwithstanding should the EMPLOYEE'S employment be terminated for cause as defined in paragraph VII, the EMPLOYER, through the City Council, shall have the right to

issue a formal public statement. In addition, the EMPLOYEE may, in writing, waive his rights pursuant to this paragraph VIII.

**IX. Changes**

Any changes to this Employment Agreement shall be in a writing signed by both parties and nothing contained in this Agreement shall prevent EMPLOYEE and EMPLOYER from mutually agreeing to such changes.

This Agreement shall become effective on the date executed by both Parties.

David Schmidt, Mayor, City of Park Ridge  
(For the City of Park Ridge and not personally)

Date

\_\_\_\_\_  
David Schmidt

I have read and accept the terms of my employment. I have consulted my attorney regarding the above terms and conditions and I have been informed of my rights and obligations. I accept the terms and conditions of employment as contained within this Employment Agreement and agree to be bound by them.

\_\_\_\_\_  
James Hock

\_\_\_\_\_  
Date

**Attachments:**

Draft Minutes Mayor Advisory 12162010.doc; DRAFT Minutes Mayors Advisory 11162010.doc



Draft Minutes  
Mayor Advisory 1...



DRAFT Minutes  
Mayors Advisory ...

Ms McDonald thank you for the update -

Ms Cannon, attached to this email are the two "Draft" minutes from November 16 and December 16 sessions. Barb please add these to the Mayors Advisory Committee agenda for consideration of approvals or as may be necessary modification.

Holly In regards to the contract one word of significance was missed in section VII. Involuntary Termination and Severance.

My recollection and as noted in the Draft Minutes from December 16 is the language for item #2 under section VII should include the word "materially" as follows:

(2) EMPLOYEE has materially failed to perform the duties as set forth in the City Code unless such nonperformance was approved in advance by a formal City Council vote;

ALderman DO NOT reply all IOMA -

Frank Wsol

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How to Stay Asleep

Cambridge Researchers have developed an all natural sleep aid just for you.

<http://thirdpartyoffers.juno.com/TGL3141/4d0cca56a82711f38e1st05vuc>

Minutes of the Mayor's Advisory Committee  
Thursday, December 16, 2010  
6:00 PM  
(Finance Conference Room)  
505 Butler Place, Park Ridge

Member Aldermen in attendance –  
Chairman DiPietro, Allegretti, Bach (DB arrived at 6:12PM) & Wsol

Non-member Alderman – Sweeney

Others – City Manager Hock  
City Attorney Hill

No others present.

Meeting called to order by Chairman DiPietro at 6:00 PM

The session began with a brief discussion amongst the Aldermen on the importance of concluding the process in a timely manner and again emphasized adopting a fair contract.

The Chair recapped the major open issues and noted the language suggestions submitted on December 10, 2010 from the City Attorney (Buzz Hill email).

The City Manager presented his position of seeking a renewed contract with the total compensation package remaining the same as was established when he was first hired.

Each Elected Official offered perspectives on the items under review with particular emphasis on the proposed contract compensation package equaling an effective pay reduction. He noted the package was budgeted for and approved by the Council.

The City Manager left the session at approximately 6:08 PM.

The Chair noted the Mayor communicated and submitted via email comments to the Chair and expressed he (The Mayor) was opposed to including in the contract a non-disparagement clause. The Mayor also noted he would accept terms of compensation for the City Manager at an annual salary of \$165,000 plus \$10,000 in deferred compensation, but no more.

The Committee discussed the contract terms as a whole and after significant debate and discussion by all five elected Officials consider the length of the contract term, the potential increased cost of medical coverage that the City may incur, severance tied to performance/discharge for cause and the previous comments that some Legal opinions indicate non-disparaging language is a protection for the City.

The Committee reached consensus to recommend and introduce a new contract to City Manager Hock that would extend the current terms from July 2009 through December 31, 2010. Compensation adopted would include a lump-sum payment for the eighteen month of \$708 per month, a contract renewal term through April 30, 2013, annual compensation of \$165,000 plus \$10,000 in deferred compensation and the remaining terms as previously adopted.

Language was discussed relevant to performance and severance and adopted as follows:

*VII. Involuntary Termination and Severance*

*For purposes of this Section, "Involuntary Termination" shall mean any termination for any reason other than voluntary termination under Section VI, retirement, medical disability or termination for cause. For purposes of the Agreement, "termination for cause" may occur only upon a super majority vote of the Mayor and City Council that at least one of the following has occurred: (1) EMPLOYEE has breached this Agreement; (2) EMPLOYEE has materially failed to perform the duties as set forth in the City Code unless such nonperformance was approved in advance by a formal City Council vote; (3) EMPLOYEE has willfully engaged in conduct exceeding his authority as set forth in the City Code, the City Practices, Procedures and Policies Manual and Employee Manual resulting in a material detriment to the City; (4) EMPLOYEE has pled or been adjudged guilty of a felony or a misdemeanor involving dishonesty or moral turpitude; or (5) EMPLOYEE has engaged in acts of dishonesty or moral turpitude in the course of his employment; (6) Beginning with annual goals established on May 1, 2012, EMPLOYEE has failed to achieve a satisfactory performance rating at the end of a budget year. Performance will be measured against annual goals mutually agreed to by the City Manager and a majority of the City Council. Should the City Council and City Manager be unable to agree on such goals by May 1 of any given year this item (#6) alone will be null and void for that subsequent budget year.*

*If EMPLOYEE is involuntarily terminated, EMPLOYEE shall receive the applicable Severance Payment as regular monthly payroll checks for six (6) months following his termination plus one additional month for each year of service up to a maximum payout of twelve months severance, beginning with the first day of the next full month.*

The non-disparaging clause was discussed as appropriate for retention based on it providing legal protections to the City. It was noted that if for any reason the City Managers performance was in question such specific facts could always be discussed while he was in the employ of the City at any Open Council session.

At approximately 7:03PM the City Manager was asked to rejoin the meeting at which time the Committee recapped the terms being recommended for the City Council's consideration.

The meeting was adjourned at approximately 7:15PM.



Draft

DRAFT  
Minutes of the Mayor's Advisory Committee  
Tuesday, November 16, 2010  
6:00 PM  
(Finance Conference Room)  
505 Butler Place, Park Ridge

Member Aldermen in attendance –  
Chairman DiPietro, Allegretti, Bach & Wsol

Non-member Alderman – Sweeney

Others – City Manager Hock  
No other attendees

Meeting called to order by Chairman DiPietro at 6:00 PM

The Committee agreed to accept written comments from residents and conduct the meeting in open session.

The session began with a brief discussion amongst the Aldermen on the importance of concluding the process in a timely manner and of adopting a fair contract. The City Manager presented his positions for the Committee to consider relevant to the length of the contract term, medical coverage cost savings and sharing the benefits of the same, severance, constructive discharge and non-disparaging language.

The City Manager concluded his presentation at approximately 6:50 PM and subsequently excused himself from the session.

Without the City Manager present the Committee proceeded to identify the key issues of disagreement in the two versions of the proposed contract (Mayor's version and City Manager's version).

The Committee agreed that the best interests of the City were for the Committee to unanimously recommend a contract that meets the needs of the Community and was fair to the City Manager and future City Managers who may consider Park Ridge as their employer.

After various points of view were expressed on the length of the contract including consideration of an agreement for 12, 18, 24 months and through the end of the current Mayor term of office, consensus was reached to extend the agreement through April 30, 2012.

The issue of deferred compensation was discussed at length. The Committee agreed the core annual deferred compensation of \$10,000 was not in dispute and would remain as is.

Discussion then moved to the issue of the shared cost savings due to Mr. Hock not accepting City health insurance coverage. It was noted that in July 2009 the City Manager's compensation was reduced by \$708 per month once legal Counsel advised this practice required adjustments.

Consensus was reached to maintain a total compensation package that included the \$708 per month cost savings during the term the existing contract was being negotiated – from July 14, 2009 until the new agreement is executed. At that time (anticipated to be no later than December 2010) all such payments of \$708 per month would end. However, the \$10,000 annual deferred compensation would continue for the length of the new contract.

Discussion relevant to involuntary discharge and severance compensation focused on a desire to offer language common in Municipal government contracts. It was agreed to eliminate the option for the City Council to pay severance as consideration for the City Manger's request to offer to effectuate a termination of his services. Consensus was reached to adopt severance language that provided six month severance plus an additional month for each year of service up to a maximum of twelve months provided the eligibility for severance was conditional on the City Manager meeting agreed to performance measurements.

Consensus was reached to maintain the Legal Counsel recommended non-disparaging language. The Committee agreed to seek refined and tighter language on these last two sections from the City Attorney later this week.

The City Manager was asked to rejoin the session at 7:30 PM.

The Chair explained the Committee's current positions and plans to seek refined language from the City Attorney later this week. It was agreed the Committee would attempt to reconvene soon at which time the City Manager would be provided the opportunity to present any additional information he may wish the Committee consider before it presents the final contract terms for full City Council consideration.

The meeting was adjourned at 7:45 PM.

Submitted – Frank Wsol