

## **EMPLOYMENT AGREEMENT**

THIS AGREEMENT, made and entered into this 29th day of August 2014, by and between the VILLAGE OF ARLINGTON HEIGHTS, State of Illinois, a municipal corporation ("Employer"), and RANDALL R. RECKLAUS ("Employee"), both of whom understand as follows:

### **WITNESSETH:**

WHEREAS, Employer desires to employ the services of Employee as Village Manager of the Village of Arlington Heights ("Village"), as provided by Section 5 of Article 5, Chapter 65 of the Illinois Compiled Statutes and Chapter 3, Article 1 of the Municipal Code of the Village of Arlington Heights ("Municipal Code"); and

WHEREAS, it is the desire of the President and Board of Trustees of the Village of Arlington Heights ("Board") to provide certain benefits, to establish certain conditions of employment, and to set working conditions of said Employee; and

WHEREAS, Employee desires to be employed as Village Manager of the Village; and

WHEREAS, the parties acknowledge that Employee is a member of the International City Management Association (ICMA) and that Employee is subject to the ICMA Code of Ethics; and

WHEREAS, by adoption of Chapter 3, Article 1 of the Municipal Code, the Board has exercised its home rule authority regarding the appointment and term of contract of the Village Manager and other matters that may otherwise apply under those certain provisions of the Illinois Municipal Code at 65 ILCS 5/3.1-30-5 and 65 ILCS 5/8-1-7,

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

### **Section 1 - Duties**

Employer hereby agrees to employ Employee as Village Manager of Employer on the terms and conditions set forth herein, to perform the functions and duties specified in the applicable Statutes and Chapter 3, Article 1 of the Code and to perform other legally permissible and proper duties and functions as the Board shall from time to time assign.

### **Section 2 - Term**

A. Employee agrees to begin employment on November 10, 2014 and remain in the exclusive employ of Employer until November 10, 2018 ("Initial Term"), and neither to accept other employment nor to become employed by any other employer until said termination date, unless the termination date is affected as hereinafter provided.

B. In the event written notice is not given by either party to this Agreement to the other 90 days prior to the termination date as hereinabove provided, this Agreement shall be extended on the same terms and conditions as herein provided, all for an additional period of two years (each a "Renewal Term"). This Agreement shall continue thereafter for two-year periods unless either party hereto gives 90 days written notice to the other party that the party does not wish to extend this Agreement for an additional two-year term.

C. Nothing in this Agreement shall prevent, limit or otherwise interfere with the right of the Board to terminate the services of Employee at any time, subject only to the provisions set forth in Section 3 of this Agreement.

D. Nothing in this Agreement shall prevent, limit or otherwise interfere with the right of Employee to resign at any time from his position with Employer, subject only to the provisions set forth in Section 4 of this Agreement.

E. Employee is employed at the will of the Board, and nothing in this Agreement shall create any property right in him or any other right to the continuation of his employment with the Village.

F. If Employer notifies Employee of its intent to terminate this Agreement without cause, as set forth in Section 3 of this Agreement, Employer shall provide Employee with Severance Pay and Benefits ("Severance Pay and Benefits").

### **Section 3 - Termination and Severance Pay**

In the event Employee is terminated by the Board before expiration of the aforesaid term of employment, including any Renewal Term, and during such time that Employee is willing and able to perform his duties under this Agreement, then in that event Employer agrees to pay Employee a lump sum cash payment equal to six (6) months' aggregate salary, six (6) months' of continued health insurance premiums, vacation earned but not used, and other accrued benefits to date, calculated based on Employee's annual base salary at the time of termination and/or in conformance with the Village's Employee Handbook.

In the event that Employee resigns following a majority vote of the Board requesting Employee's resignation, Employee shall have the right to declare that action a termination without cause of this Agreement and Employer agrees to provide Employee with Severance Pay and Benefits as set forth in this Section.

In the event Employee is terminated for cause, Employee voluntarily resigns, or this Agreement is not renewed, then, in that event, Employer shall have no obligation to pay the Severance Pay and Benefits designated in the above paragraph. For purposes of this Agreement, "cause" means (i) acts of Employee of malfeasance or malfeasance in office and/or conviction of Employee for fraud, misappropriation, or embezzlement involving property of Employer, (ii) conviction of Employee of a felony offense, (iii) conviction of Employee of a misdemeanor offense, which conviction results directly from a reduction, through a plea agreement, of a felony charge against Employee, (iv) substantial failure of Employee to properly perform, or substantial

neglect by Employee of, the duties of the position of Village Manager, or (v) conduct of Employee that causes substantial harm to the reputation of the Village.

If Employer, citizens, or the Legislature acts to amend any provisions of the Municipal Code pertaining to the role, powers, duties, authority, or responsibilities of the position of the Village Manager resulting in a substantial change to the form of government of the Village, Employee shall have the right to declare that such amendments constitute a termination without cause of this Agreement and Employer agrees to pay Employee Severance Pay and Benefits.

If Employee should become permanently disabled, such that he is unable to perform his duties for the Village, because of sickness, accident, injury or mental incapacity, for a period of four successive months or 16 successive weeks, whichever is longer, Employer shall have the option to terminate this Agreement and such termination shall not be subject to the severance compensation provision of Section 3 of this Agreement. If, however, disability occurs from a duty-related accident, injury, or medical condition, then Employer agrees to continue all salary payments and benefits for Employee, less any amount paid or payable to Employee under the Illinois Workers' Compensation Act or other federal, State or local disability benefit plan or program, for a period of not less than six months from the date of such disability. In either event, Employee shall be entitled to receive the same paid disability benefits as may be generally applicable to management employees of the Village.

#### **Section 4 - Resignation**

In the event Employee voluntarily resigns his position with Employer before expiration of the aforesaid term of his employment, then Employee shall give Employer 90 days notice in advance, unless the parties agree otherwise. In the event of such a voluntary resignation, Employee shall not be entitled to any severance pay. Nothing in this Section shall prevent Employee from receiving the Severance Pay and Benefits in the event Employee's resignation is requested by a majority vote of the Board, as set forth in Section 3.

#### **Section 5 - Salary**

Employee's employment shall begin on November 10, 2014. Employer agrees to pay Employee for his services rendered pursuant hereto an annual base salary of \$180,000 payable in installments at the same time as other management employees of the Employer are paid.

In addition, as a result of an annual performance review, if performance warrants an increase in base salary as determined by the Board, the Board shall adjust Employee's salary and/or benefits in such amounts as the Board deems appropriate.

#### **Section 6 - Performance Evaluation**

A. The Board shall review and evaluate the performance of Employee annually. The review and evaluation shall be in accordance with specific criteria developed jointly by the Board and Employee. The criteria may be added to or deleted from as the Board may from time to time determine, in consultation with Employee. Further, the Village President shall provide

Employee with a summary written statement of the findings of the Board and provide an adequate opportunity for Employee to discuss his evaluation with the Board.

B. Annually, the Board and Employee shall define such goals and performance objectives that they determine necessary for the proper operation of the Village and in the attainment of the Village's policy objectives and shall further establish a relative priority among those various goals and objectives, the 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.

#### **Section 7 - Longevity Pay**

Employee shall be entitled to Longevity Pay as set forth in the Village's Employee Handbook, as amended from time to time.

#### **Section 8 - Automobile and Cellular Phone**

Employer shall provide an automobile allowance to Employee in the amount of \$500 per month during the term of this Agreement. The automobile allowance is intended to provide for Employee's costs to own and operate a vehicle and as such, Employee will not be eligible for the reimbursement for gasoline, maintenance or per mile rate allowances in effect from time to time under Internal Revenue Service regulations. Employee shall carry liability, property damage and comprehensive insurance for the vehicle for which the allowance is provided.

Employer shall provide a cellular communications device to Employee, such as a cell phone or other electronic device (the latter based upon the Employer's chosen medium for such communications) for both business and his exclusive and reasonable personal use during the term of his employment under this Agreement. In the alternative, at Employee's option, the Village will provide a cellular communications device allowance in lieu of providing a device in the amount of \$100 per month during the term of this Agreement.

#### **Section 9 - Vacation and Sick Leave**

Employee shall accrue, and have credited to his personal account, four weeks of vacation annually beginning on January 1, 2015. Employee shall have two weeks of vacation from the date of employment through December 31, 2014. Sick leave will accrue at the same rate as other general employees of Employer.

#### **Section 10 - Disability, Health, and Life Insurance**

A. Employee shall be covered by the same health, dental and disability plans as all other of Employer's employees, and that coverage shall be in full force and effect in accordance with the Employer's plans in effect as of Employee's date of hire. Should there be a gap in coverage as a result of the Employer's plan provisions, Employer will pay Employee's COBRA payment until Employer's coverage applies, but in no circumstances will Employer's obligation be for more than two months.

B. Employer shall provide travel insurance for Employee while he is traveling on Employer's business, with Employee to name beneficiary thereof.

C. If Employee so chooses, once per calendar year, Employee may obtain a complete physical examination by a qualified physician selected by Employer, the cost of which shall be paid by Employer.

D. During the Initial Term or Renewal Term, if any, of this Agreement, Employer shall continue to maintain the existing life insurance policy for Employee as provided to all other Village employees.

**Section 11 - Deferred Compensation and Retirement Benefits**

A. Employee acknowledges that Employer is a member of, and its employees are participants in, the ICMA Retirement Corporation (ICMA/RC) and as such, can participate in the deferred compensation programs offered by ICMA/RC. Any contributions to ICMA/RC are to be personally made from Employee's annual base salary with no contributions made by Employer over and above what Employer may personally contribute.

B. Employee shall be covered and governed by the same retirement system (Illinois Municipal Retirement Fund) as all other non-public safety Village employees. Calculations for retirement contributions shall include all compensation normally reported to the Internal Revenue Service by Employer.

**Section 12 - Dues and Subscriptions**

Employer agrees to budget for and to pay for professional dues and subscriptions of Employee necessary for his continuation and full participation in national, regional, state, and local associations and organizations necessary and desirable for his continued professional participation, growth, and advancement, and for the good of Employer.

**Section 13 - Professional Development**

A. Employer hereby agrees to budget for and to pay for travel and subsistence expenses of Employee for professional and official travel, meetings and occasions, adequate to continue the professional development of Employee and to adequately pursue necessary official functions for Employer, including but not limited to the ICMA Annual Conference or the NLC Annual Conference.

B. Employer also agrees to budget for and to pay for travel and subsistence expenses of Employee for short courses, institutes, and seminars that are necessary for his professional development and for the good of the Employer.

### **Section 14 - Civic Club Membership**

Employer recognizes the desirability of representation in and before local civic and other organizations, and Employee is authorized to become a member of such civic clubs or organizations, for which Employer shall pay all reasonable membership fees and or dues. Employee shall report to Employer on each membership that he has taken out at Employer's expense.

### **Section 15 - Relocation**

A. As a condition of employment as Village Manager, Employee has agreed to relocate to and reside in the Village of Arlington Heights during the Initial Term and all Renewal Terms of this Agreement; provided, however, that, as permitted in Section 3-101A of the Municipal Code, such residency need not occur until the date that is one year from the date of Board approval of this Employment Agreement ("Relocation Date"). The Relocation Date may be reasonably extended to a date certain by mutual agreement of Employer and Employee if Employee provides written documentation that the sale of his existing home at 320 Olson Drive, Batavia, IL cannot be accomplished upon customary terms and conditions that would result in sufficient equity for payment of the outstanding balance on Employee's loan and associated real estate closing costs and that Employee has made a good faith effort to sell his existing home.

B. Employer agrees to pay Employee's reasonable and documented moving and packing expenses from Employee's current home located at 320 Olson Drive, Batavia, Illinois 60510 in an amount not to exceed \$10,000. Relocation expenses shall be deemed reasonable upon receipt of two responsible quotes and acceptance of the lower-price quote.

### **Section 16 - Indemnification**

In addition to that required under state and local law, Employer shall defend, save harmless, and indemnify Employee against any tort, professional liability or demand or other legal action, arising out of an alleged act or omission occurring in the performance of Employee's duties as Village Manager, other than those arising from Employee's own negligence or knowing or willful misconduct. Employer will have the right to compromise and settle any such claim or suit and pay the amount of any settlement or judgment rendered thereon.

### **Section 17 - Bonding**

A. Employer, in consultation with Employee, shall fix any such other terms and conditions of employment, as it may determine from time to time, relating to the performance of Employee, provided such terms and conditions are not inconsistent with or in conflict with the provisions of this Agreement, the Municipal Code, the Village Employee Handbook, or any other law.

B. All provisions of the Village Employee Handbook and Municipal Code, and regulations and rules of the Employer relating to vacation and sick leave, retirement and pension system contributions, holidays, and other benefits and working conditions as they now exist or hereafter may be amended, also shall apply to Employee as they would to other employees of

Employer, in addition to benefits enumerated specifically for the benefit of Employee except as herein provided.

C. Employee shall be entitled to receive the same vacation and sick leave benefits as are accorded department heads, including provisions governing accrual and payment therefore on termination of employment, except as otherwise provided in this Agreement.

### **Section 18 - No Reduction of Benefits**

Employer shall not at any time during the term of this Agreement reduce the salary, compensation or other financial benefits of Employee, except to the degree of such a reduction across-the-board for all employees of Employer holding the title of Department Director, Department Chief or Assistant Village Manager.

### **Section 19 - 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:

(1) EMPLOYER:

Village President  
33 South Arlington Heights Road  
Arlington Heights, Illinois 60005

(2) EMPLOYEE:

Randall R. Recklaus  
320 Olson Drive  
Batavia, Illinois 60510

Alternatively, notices required pursuant to this Agreement may be personally served in the same manner as is applicable to civil judicial practice. Notice shall be deemed delivered 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 20 - General Provisions**

A. The text herein shall constitute the entire Agreement between the parties. Any prior discussions or representations by or between the parties are merged into and rendered null and void by this Agreement.

B. This Agreement shall be binding upon and inure to the benefit of the heirs at law and executors of Employee.

C. This Agreement shall become effective commencing as of the date first written above.


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 be deemed severable, shall not be affected, and shall remain in full force and effect.

**IN WITNESS WHEREOF**, the Village of Arlington Heights has caused this Agreement to be signed and executed in its behalf by its President, and duly attested by its Village Clerk, and Employee has signed and executed this Agreement.

VILLAGE OF ARLINGTON HEIGHTS

EMPLOYEE

\_\_\_\_\_  
Thomas W. Hayes, Village President

  
\_\_\_\_\_  
Randall R. Recklaus

ATTEST:

\_\_\_\_\_  
Village Clerk