

## **Employment Agreement**

THIS AGREEMENT, made and entered into to be effective the day of October 2, 2018 by and between the Village of Suttons Bay, a general law village, whose address is 420 Front Street, P.O. Box 395, Suttons Bay, Michigan 49682 (hereinafter, "Employer") and Rob Larrea, whose address is \_\_\_\_\_, Michigan \_\_\_\_\_, (hereinafter, "Employee") an individual who has the education, training and experience in local government management, both of whom agree as follows:

### **Section 1: Term**

The term of this Agreement shall be for a period of five years from the effective date first above written.

### **Section 2: Duties and Authority**

Employer hereby employs Employee as the village manager for the Village of Suttons Bay under the terms and conditions of this Agreement. Employee shall be responsible to perform the functions and duties of the village manager as specified in the Village of Suttons Bay Village Manager Ordinance, Ordinance No. 4 of 2004, as amended from time to time and in the village manager job description, attached hereto and incorporated by reference as Exhibit A. Employee shall perform such additional duties assigned by Employer consistent with all legal requirements. Except as noted herein, during the term of this Agreement Employee shall not engage in any other commercial business activity, or accept any other employment, whether or not such commercial activity is pursued for gain, profit, or other pecuniary advantage. Notwithstanding the foregoing, the Employer understands that the Employee provides planning and land use consultation services to third parties. The Employee is allowed to continue his consulting work as long as it does not interfere with his priority of serving the Employer and does not create a conflict of interest.

### **Section 3: Compensation**

- A. Employer will to pay Employee an annual base salary of \$73,000.00, payable in installments at the same time and in the same manner as that of other full-time employees of Employer.
- B. Employee shall qualify for an annual bonus based on the Employee's review and performance evaluation as Employer, in its sole discretion, deems appropriate.

### **Section 4: Health, Disability and Life Insurance and other Fringe Benefits**

- A. Employee shall receive full family health insurance coverage as provided to other full-time Village employees; provided, however, that the Employee may forgo the Employer's health care insurance coverage in which case he shall be compensated in an amount equal to 10% of the cost to the Employer of the family health care insurance coverage then in effect. The payment shall be separated into 12 equal payments and paid monthly to the Employee.
- B. Employer shall provide for short-term and long-term worker's disability coverage and life insurance coverage for Employee as provided to other full-time Village employees.

- C. Employee shall qualify to participate in the Village's Section 457 deferred compensation plan on the same terms as other full-time Village employees; provided, however, that Employer shall contribute an amount equal to TEN PERCENT (10%) of Employee's base salary into the designated Section 457 deferred compensation plan on Employee's behalf.
- D. Employee shall be entitled to the same paid holidays as other full-time Village employees (e.g., New Years Day, Good Friday, Memorial Day, 4th of July, Labor Day, Thanksgiving, Friday after Thanksgiving, and Christmas). In addition, if New Years Day and Christmas fall on a Saturday, then the preceding Friday afternoons shall also be considered paid holidays for Employee.

### **Section 5: Personal Leave**

- A. Employee shall be entitled to twenty-eight (28) days paid personal leave each year. No personal leave days shall carry over from year to year. No additional sick or vacation benefit shall be provided to Employee.
- B. Upon Employee's termination, resignation or death Employee or his estate shall be compensated for all accrued but unused personal leave at Employee's rate of compensation in effect at the time of termination, resignation or death. This subsection shall be interpreted consistent with Subsection 5.A above; provided, however, that the total maximum payout shall not exceed twenty-eight (28) days.

### **Section 6: General Business Expenses**

- A. Employer will pay for professional dues and subscriptions on behalf of Employee deemed necessary by the Employer for continuation and full participation in national, regional, state and local associations, as well as organizations necessary and desirable for Employee's continued professional participation, growth, and advancement and for the good of Employer.
- B. Employer will pay for travel and associated expenses of Employee for professional and official travel, meetings, and occasions to adequately continue the professional development of Employee and to pursue necessary official duties for Employer, all as deemed necessary by the Employer.

### **Section 7: Termination**

Either Employer or Employee may terminate this Agreement with or without cause at any time as provided for strictly in accordance with this Section 7. Notwithstanding the foregoing, the employment relationship established in this Agreement shall terminate when any one of the following occurs:

- A. A majority of the Village Council then serving votes to terminate Employee without cause at a duly authorized public meeting and in accordance with the procedures set forth in the Village of Suttons Bay Village Manager Ordinance, Ordinance No. 4 of 2004, as amended from time to time.

- B. If Employer, citizens or legislature act to amend any provision of state or local law pertaining to the role, powers, duties, authority, or responsibilities of Employee's position that substantially changes the form of the Village's government, then Employee shall have the right, upon thirty (30) days advanced written notice to Employer, to terminate his employment and this Agreement.
- C. Employee may resign his employment and terminate this Agreement for any reason not specified in this Section 7 upon thirty (30) days advanced written notice to Employer.
- D. This Agreement shall automatically terminate upon the death of Employee, in which case his estate shall be entitled to receive the compensation and benefits due Employee for a termination of this Agreement.
- E. A majority of the Village Council then serving may vote to terminate Employee, to take effect immediately, for cause at a duly authorized public meeting. "Cause" shall be defined to mean any of the following circumstances:
  - (1) Any material breach of this Agreement;
  - (2) Conviction of a misdemeanor resulting in a term of incarceration, a felony, or any crime involving moral turpitude or dishonesty;
  - (3) The willful, wanton, negligent or reckless commission of or participation in any act or omission which has a significantly adverse impact upon Employer;
  - (4) Two successive performance evaluations with a combined determination from the Village Council of "unsatisfactory." Employee shall have at least ninety (90) days after the first of any such evaluation to meet with the Village's Administration Committee to develop an action plan to address the concerns raised in the evaluation; or
  - (5) Other actions commonly recognized as "just cause" by employment relations arbitrators.

A termination for cause under this subsection shall immediately terminate Employer's obligation to pay Employee his base salary except for any amount then due and owing. However, Employee shall be entitled to payment for all accrued but unused personal leave to date at Employee's rate of compensation in effect at the time of termination as provided in Section 5.B.

**Section 8: Severance**

- A. Severance shall be paid to Employee when employment is terminated as specified in Section 7.A-B of this Agreement. If Employee resigns as specified in Section 7.C of this Agreement, dies as specified in Section 7.D of this Agreement, or is terminated for cause as specified in Section 7.E of this Agreement, then no severance shall be paid.
- B. Severance required be paid under this Agreement shall be paid at a rate equal to four (4) month's salary at Employee's rate of compensation in effect at the time of termination. This severance shall be paid in a lump sum (after subtracting all legally required payroll taxes and similar amounts), unless otherwise agreed to in writing by Employer and Employee.
- C. Whether or not severance is required to be paid under this section, Employee shall be entitled to be compensated for accrued but unused personal leave as provided in

Section 5.B.

**Section 9: Disability**

If Employee becomes unable to perform his duties due to sickness, accident, injury, mental incapacity, or health for a period of six (6) months, Employer may terminate this Agreement immediately. A termination under this section shall immediately terminate Employer's obligation to pay Employee his base salary except for any amount then due and owing. However, Employee shall be paid for all accrued but unused vacation time and personal leave to date at Employee's rate of compensation in effect at the time of termination as provided in Section 5.D.

**Section 10: Performance Evaluation**

Employer shall review the performance of Employee not less than annually during the terms of this Agreement, subject to a process, form, criteria, and format for the evaluation which shall be mutually agreed upon by Employer and Employee. The process at a minimum shall include the opportunity for both parties to: (1) prepare a written evaluation, (2) meet and discuss the evaluation, and (3) present a written summary of the evaluation results. The final written evaluation should be completed and delivered to Employee within thirty (30) days of the evaluation meeting.

**Section 11: Hours of Work**

It is recognized that Employee must devote a great deal of time outside the normal office hours on business for Employer and, to that end, Employee shall be allowed to establish an appropriate work schedule subject to approval by the Employer.

**Section 12: Indemnification**

Employer shall indemnify, defend and hold harmless Employee and his heirs and assigns from any and all damages, legal fees or expenses, or awards, demands, rights, causes of action of any kind or nature, losses, claims and actions which may, do, or shall arise out of or grow out of any known or unknown, accrued or unaccrued claims for any type of damage or loss whatsoever which may occur within the scope of his duties as Village Manager. Employer agrees to pay all reasonable litigation expenses of Employee throughout the pendency of any litigation to which Employee is a party, witness or advisor to Employer. Such expense payments shall continue beyond Employee's service to Employer as long as litigation is pending. Further, Employer agrees to pay Employee reasonable consulting fees and travel expenses when Employee serves as a witness, advisor or consultant to Employer regarding pending litigation. The Employer's obligation herein shall survive any termination of this Agreement for any reason.

**Section 13: Bonding**

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

**Section 14: Insurance**

At all times during the term of this Agreement the Employer shall obtain and maintain liability

insurance coverage for Employee in an amount of not less than one million dollars per occurrence.

### **Section 15: Other Terms and Conditions of Employment**

During the term of this Agreement Employer shall have the right to 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 Village of Suttons Bay Village Manager Ordinance, Ordinance No. 4 of 2004, as amended from time to time or any local, state or federal law.

### **Section 16: Notices**

Notice pursuant to this Agreement shall be given in writing and shall be delivered personally or by depositing in the custody of the United States Postal Service, postage prepaid, addressed as follows:

EMPLOYER: Village of Suttons Bay, 420 Front Street, P.O. Box 395, Suttons Bay, Michigan 49682.

EMPLOYEE: Rob Larrea, \_\_\_\_\_, Michigan \_\_\_\_\_

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

### **Section 17: General Provisions**

- A. **Integration.** This Agreement sets forth and establishes the entire understanding between Employer and Employee relating to the employment of Employee by Employer. Any prior discussions or representations by or between the parties are merged into and rendered null and void by this Agreement. The parties by mutual written agreement may amend any provision of this Agreement during the term of the Agreement. Such amendments shall be incorporated and made a part of this Agreement.
- B. **Binding Effect.** This Agreement shall be binding on Employer and Employee as well as their heirs, assigns, executors, personal representatives and successors in interest.
- C. **No Assignment.** Employee may not assign any of his rights or delegate any of his duties under this Agreement.
- D. **Governing Law.** This Agreement shall be governed by and interpreted under the laws of the State of Michigan.
- E. **Severability.** The invalidity or partial invalidity of any portion of this Agreement will not affect the validity of any other provision. In the event that any provision of this Agreement is held to be invalid, the remaining provisions shall be deemed to be in full force and effect as if they have been executed by both parties subsequent to the

expungement or judicial modification of the invalid provision.

- F. This Agreement shall, after it becomes effective, supersede and replace any prior agreement concerning Employee's employment status with the Employer.
- G. To the extent not in conflict, Employee's terms and conditions of employment shall be governed by any Personnel Policies adopted, from time to time, by Employer.

Date: \_\_\_\_\_, 2018

VILLAGE OF SUTTONS BAY

By: \_\_\_\_\_

Its: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_, 2018

ROB LARREA

By: \_\_\_\_\_

\_\_\_\_\_